

[Search Help](#)

[HANSARD 1803–2005](#) → [1940s](#) → [1948](#) → [September 1948](#) → [17 September 1948](#) → [Commons Sitting](#) → [KING'S SPEECH](#)

DEBATE ON THE ADDRESS

HC Deb 17 September 1948 vol 456 cc379-474

[FOURTH DAY]

Order read for resuming Adjourned Debate on Amendment [16th September] to Question [14th September]: "That an humble Address be presented to His Majesty, as follows:" "Most Gracious Sovereign, " "We, Your Majesty's most dutiful and loyal subjects, the Commons of the United Kingdom of Great Britain and Northern Ireland, in Parliament assembled, beg leave to offer our humble thanks to Your Majesty for the Gracious Speech which Your Majesty, has addressed to both Houses of Parliament."—[Mr. Leslie.] "Which Amendment was, at the end of the Question, to add: "But humbly regret that, while the national difficulties are multiplying both at home and abroad, Your Majesty's advisers, in their preoccupation with partisan manœuvres, are unable to lay before the House any measures for their solution:"—[Mr. R. A. Butler.]"

Question again proposed, "That those words be there added."

11.6 a.m.

Mr. William Shepherd (Bucklow) Yesterday, the House had the opportunity of listening to another exposition, delivered with great skill and ability, by the right hon. and learned Gentleman the Chancellor of the Exchequer. On this occasion he departed from the type of speech which previously has kept hon. Members opposite in rather glum silence, and we saw them in the jubilant frame of mind with which they were accustomed to greet the previous Chancellor of the Exchequer. I wonder whether the jubilation which they showed yesterday is a good thing for the country or not? I wonder whether it indicates that the present Chancellor of the Exchequer has taken a turn towards the frame of mind which was the undoing of his predecessor? The country may well be better off when the right hon. and learned Gentleman assumes the hair shirt rather than the highly coloured garments of optimism, because I can see nothing in the statements he made, or in the White Paper which was published yesterday, to justify the roars of cheers to which hon. and right hon. Gentlemen opposite gave vent at the end of the Chancellor's speech. There is nothing in the fundamental position of this country which, in my opinion, can be said to justify that optimism.

We on this side of the House are not averse to optimism, because this country has gone through an extraordinarily difficult time, and if there were real and positive indications that there was a change so much for the better that we could look forward to great things in the future, then we would welcome their optimism. But I can see nothing in the present state of affairs to justify this wide measure of optimism. The right hon. and learned Gentleman saw fit to ignore all the very important questions which my right hon. Friend the Member for Saffron Walden (Mr. R. A. Butler) addressed to him. He ignored all the vital questions, and in particular whether the existing state of affairs in the country would permit of the maintenance of the social services upon which we have embarked. Those vital questions were entirely ignored. Neither did the Chancellor seek to relate the present silly Session to the speech which he was delivering.

All men realise that the real achievement of this country lies in the hands of private enterprise. If one seeks the bright spots in this country today one seeks them where private industry holds the reins. But if one seeks those spots which cause us some anxiety one sees them in the fields in which the Government have taken over control. Yet what is the purpose of this Session? It is to ensure that a live, vital and progressive industry—namely, the steel industry—is to

have inflicted upon it the form of organisation and control which has made such a stagnant mess of the coal industry. It is, therefore, reasonable and wise that the Chancellor of the Exchequer should have made no attempt to relate the purpose of this Session to the speech he was making yesterday. Moreover, he made no attempt to show that His Majesty's Government have been in any way responsible for what bright spots there are. We all know, for example, what has happened about coal. I invite hon. Members opposite to try to think about the coal industry for a moment and perhaps to provide an answer to a question addressed to me last week by a Canadian. He asked, "How is it that under your nationalised scheme of ownership, with an intensified industrialisation as compared with 1938, you produce so little?" Is there an answer which I could have given to that question?

Mr. Warbey (Luton). Will the hon. Member tell his Canadian friend what was the outlook in 1946?

Mr. Shepherd My Canadian friend was naturally anxious to compare, not wartime conditions and the conditions immediately following the war, but the conditions of 1938 and of the present time, and making that comparison I could give him no answer. When he went on to say, "If you then find no real improvement as a result of nationalisation of coal, why are you interfering with the steel industry?" I must confess I could find no answer to that question either. Perhaps at a later date right hon. Gentlemen on the benches opposite will have an opportunity of providing that answer.

Neither did the Chancellor yesterday say that this Government during their term of office had studiously neglected for a material time the vital industry of agriculture. He did not say that the difficulties of 1946 were caused by allowing agriculture to drop down, or that the necessary priorities for food and housing had been denied agriculture despite the pressure of the Opposition. Neither did he point to the textile industry, although, if any man is responsible for the present low levels of export figures—scarcely 40 per cent. of 1937—it is the Chancellor of the Exchequer. During the whole time that the Chancellor was the President of the Board of Trade he did practically nothing for the textile industry except to set up committees and working parties, whose reports, requests and suggestions are still being considered. A man who was capable of taking executive action would have got the textile industry onto its feet long before the effort was ultimately made by another Minister.

I wish to turn to the question of visible export figures. The fact that we have achieved so much during the past 12 months is a cause for gratification and also a cause for concern. The cause for concern is that with an import programme of 75 per cent. of 1938 and with exports up to almost 140 per cent. of 1938, we still have a deficit for the year on visible account of £312 million. That is something to make one pause and think. With a 75 per cent. import programme and with exports at an abnormally high rate, which we may not be able to maintain, we still have this enormous deficit on visible account. We think more seriously when we look back at what happened after the first world war. In 1920 exports were running at £1,200 million and by 1921 they had fallen to something like £700 million.

I ask the House to consider for a moment the position of this country if only half as bad a deterioration of exports takes place now. I ask those who cheered so loudly yesterday and who thought the situation so rosy to contemplate that possibility, because it is not merely a figment of the imagination. It may well be a reality. I wish to indicate to the House the disturbing factors which convince me that the maintenance of this high rate of exports is very problematical, if put at its best. We see all around us the hardening of markets, although it is true that up to now the pessimistic prophecies about our export figures have been falsified by events. We are all pleased about that, but the fact remains that markets are hardening and there is also the fact that Germany and the United States of America are very largely out of the competitive export field.

But what is happening in Germany? As from the last few months the amount of raw materials going into Germany will be 50 or 60 times what it was in previous years, and Germany's export capacity will increase. Already we find that German motorcars are being sold at prices tower than we can sell them in the European field. We have no

alternative, because we have either to get the Germans to work or to keep them ourselves, which obviously we cannot do. The United States of America have at the moment an immense domestic demand, which is preventing her from entering the export field in any substantial way. So we have two countries which will be vital competitors of ours who are at the moment virtually immobilised, but who almost overnight, can do very material damage to our export position.

Then there is the undesirable feature of the heavy incidence of demand for capital goods. It is very nice to get capital goods because the values are very substantial, but the emphasis on capital goods in our export programme is a danger. If there is a change in the atmosphere of economic conditions in the world, capital goods would go first, as they can be cut off overnight and great industries can be thrown into dislocation and disrepair. Moreover, the export of capital goods is increasing the industrialisation of nations overseas. It is reducing the potential demand for our own consumer goods. When hon. Members opposite cheer, as they did yesterday, let me remind them that we are dealing with a situation in which the world market for manufactured goods is going down. That is a sombre fact, which hon. Members ought to realise and appreciate. There is not a situation in which there is an ever-expanding demand for manufactured goods. The truth is that, although in the years between 1913 and 1937 the value of manufactured goods went up two to three times, the amount of trade in them throughout the world has gone down. Therefore, the situation is by no means an easy one.

It is true as the Minister of Supply said last week that, but for Marshall Aid, we in this country would be starving and our factories would be without materials. That is precisely the position in which we find ourselves now. It is that position which, apparently, causes hon. Members opposite so much jubilation. Two things are absolutely indispensable if we are to survive—I put it no higher—as a great industrial nation supporting a population of the present size. First, there must be a drastic alteration in our favour in the terms of trade. Secondly, there must be a substantial revival of our invisible exports.

Major Bruce (Portsmouth, North) Does the hon. Member consider that the terms of trade would move in our favour if we began lowering the prices of our export goods?

Mr. Shepherd The hon. and gallant Gentleman is anticipating me. I had intended to come to that matter in a few moments. The terms of trade moved in our favour in a most extraordinary fashion between 1913 and 1937, so that by the end of 1937 we were buying almost as much, if not as much, with a pound, in terms of imports, as we were doing in 1913. Exports were bringing us roughly one-third more in 1937. Therefore, in those years we enjoyed an almost incredible advantage which has now gone, and more than gone, because roughly speaking a pound's worth of exports today buys us only about 18s. worth of imports compared with 1938. These are the real difficulties which we are facing. Unless we can get some alteration in that position there is no hope for this country industrially in the future.

I wish to examine for a moment the question of whether there is any prospect of any material improvement in the terms of trade. First, we must get a drop in food import prices for that to occur. What are the factors there? The first is that the world population is increasing at an enormous rate. There are 150 million people more than before the war, with very little prospect of any increase in the amount of arable land; at the moment there is a reduction in the amount of land cultivated. There is Government support of growers. No longer are prices to be at the mercy of events. Governments in all countries, including this country, are maintaining the prices of foodstuffs at a normal level, sometimes at an abnormal level. There are increasing nutritional standards throughout the world. Those nations who are industrialising themselves are demanding a higher standard of feeding and in many cases are getting it. The United States is an example. Its population is increasing at an enormous rate, and at the same time it is becoming a bigger and bigger importer of food. In fact, the United States of America is at the present time the second largest importer of foodstuffs compared with this country.

Therefore, if one looks round the world today there is little prospect, in regard to food, of getting back to anything like the 1938 level. We shall never see wheat at 56 cents again. Therefore, it is not reasonable to expect that the terms of trade in that respect will move favourably for us, and we have to look forward to a long period during which so far as foodstuffs are concerned, we shall have to pay a very high price for what we have to import.

If the terms on that side are unfavourable, what about the export side? What is to be the price prospect for manufactured goods, to which the hon. and gallant Member for North Portsmouth (Major Bruce) referred a short time ago? The sorry fact there is that the chances of maintaining the price level of manufactured goods is not as bright as the chances of the maintenance of the level of the prices of foodstuffs, because it is so easy for production to overtake demand through modern methods. We have seen in this country, in such small instances as wireless sets and other things, how quickly, with modern methods, we overtake demand and find ourselves swamped with goods which we cannot sell. It is quite possible to have, within a short time, a further sharp reduction in the selling price of our manufactures. Indeed, every time we improve our technique and mechanisation we make the ultimate task of supporting this country more and more difficult. We in Great Britain are merely processors. We buy and import raw materials, process them and send them out in manufactured form, and the more we mechanise production and improve our techniques the lower will be the unit cost of the processing, and the lower that is, the more work we shall have to do for a given amount of goods imported.

So we are in the position that as we improve our techniques we are actually making it more difficult to sustain ourselves in a world market in which the demand is not increasing but tending to contract. That dilemma is emphasised by what the hon. and gallant Member for North Portsmouth said. Although the Government preach that we should reduce our costs—and it is true that in many instances we ought to do so—we ought to aim at selling overseas at the highest possible price. In the case of steel and many other products, we have been selling overseas at far too low a price. We ought to aim at getting much more than we have done for our ex-ports. Summing up, I would say that the terms of trade are not likely to move much, if at all, in our favour. That cancels out much of the elation which might have been felt yesterday on that point.

I wish to turn next to the question of invisible exports. On that aspect, I think the Chancellor was even more guilty of misleading the House and the country than he was in the sphere of visible exports. No one would be more happy than I if there were a real and genuine prospect of materially improving the position regarding our invisible exports, because the economic life of the nation largely hinges upon them. It is no use saying that we have moved from minus £192 million to plus £32 million. That is comforting but it has been achieved by doing away with our responsibilities in Germany and our contributions to relief and rehabilitation. These are negative. What matters to this country is getting somewhere near to plus £232 million as in 1938, and perhaps better than that. I notice that the Government quote 1938 when it happens to be a bad year. It was a bad year for this nation in terms of the balance of trade. We were exporting little and importing a lot to prepare for war. If we take £250 million as the average, how far are we from reaching that figure? That is the question which the Chancellor did not answer. That is the position which he did not put before the country.

I wish to discuss briefly how we are to reach plus £250 million, and whether there is any prospect of so doing. To take shipping first, we are now running fairly near the maximum which we are likely to get from that source. We are getting much more than we were getting in 1938. We are getting three times the return we got then, freights are higher than they have been for a long time and earnings in this field cannot reasonably be expected to go higher. There is little prospect of that, and as more nations acquire more shipping it is likely to be more difficult to secure freight, and the value of freight will go down materially. It is unreasonable to suppose that shipping is likely to make any greater contribution towards reaching plus £250 million a year.

What about interest and profit? I was most gratified, though very surprised, to hear hon. Gentlemen opposite cheer at the increased amount which "wicked capitalists" had got through investing money in foreign countries. It is a pleasant thought that in 1948, after 30 years of blindness, hon. Gentlemen now cheer the increasing amount which "wicked capitalists" in this country obtain from overseas. What are the prospects of materially increasing the amount which we now receive from that source? That is the question with which we in this House have to concern ourselves at the present time. We have certain obligations which we cannot avoid. We have substantial payments to make at a half per cent. on sterling balances which we are paying out each year and which, through the negligence of the former Chancellor, we are likely to go on paying each year.

Even on the statement made in the White Paper, at £108 million our outgoings were more by £6 million than in 1947. But our receipts from interest, profit and dividends were only £2 million more in 1948 than in 1947. So on this score there was no improvement—in fact the situation was worse. What I ask is where our increasing invisible exports in terms of interest and profit are to come from? It is true that we have at the moment a small net annual investment overseas. We also have a certain amount of losses—for example, the Argentine Railways will no longer give us help on this score. It is reasonable to assume that the rate of interest will fall; therefore, where is the increase to come from so far as interest and profits are concerned? I do not think it is going to come about.

Does the Chancellor imagine he is going to get £250 million out of travel, or the other items? I do not think these things are likely to produce much more in future years. So yesterday the right hon. and learned Gentleman was guilty of misleading the House as to the permanent prospects of trade in this country. The permanent prospects of trade in this country remain utterly grim to anyone who examines this situation with no attempt at getting to 10, Downing Street. No doubt yesterday the right hon. and learned Gentleman took some steps in that direction, even if the country has not taken many steps on the road to recovery. If one looks at the situation objectively, there is no question that export prospects, terms of trade and invisible exports make it impossible to take anything other than a grim view of the situation which faces this country.

It may well be asked, what is being done about this situation? The remedy we are having foisted on us by right hon. Gentlemen opposite is the outmoded remedy of nationalization—a Nineteenth Century remedy for a Twentieth Century problem. The Rip Van Winkles of the Socialist Party are not yet alive to the fact that nationalisation is no solution for the problems that face us in the Twentieth Century, and we are rushing on to nationalisation at an incredibly rapid rate. It is true to say that no other great industrial nation, or great nation, other than the Soviet Union, has ever rushed into nationalisation as rapidly as we are doing. That is a disturbing thing, because most of the countries of Europe which have tried nationalisation have tried it in a reasonably rational manner over a narrow field, and they have seen the result and decided in many cases not to proceed with any further activities in that direction.

Mr. Edward Porter (Warrington). Can the hon. Member quote the countries?

Mr. Shepherd Surely the hon. Member knows nearly all the countries. Denmark experimented, Sweden and France experimented, as did Holland.

Mr. Porter Australia?

Mr. Shepherd Surely the hon. Member, who sits on those benches professing to support Socialism, ought to know something about Socialism in other countries.

Mr. Porter If the hon. Member will allow me to put this to him, he can reply afterwards. No one would charge the Government of Northern Ireland with being a Socialist Government. Can the hon. Member explain why, then, in June of this year, the Government themselves introduced a Bill to nationalise all forms of transport, that is, road transport, rail and shipping?

Mr. Shepherd I only know that the Government of Northern Ireland did nationalise their road transport some time ago, and I know that they have been regretting it ever since. But the point I was making was simply this, that the present rate of nationalisation is not, to put it at its mildest, good sense. A wise Government would have waited for results to materialise. But what has happened? Today the hon. Member for Reading (Mr. Mikardo) is not here. He is probably in his office busily scribing away five or six or seven more industries which are to be put forward for nationalisation at the next General Election. There is no room in the minds of hon. Gentlemen opposite for caution, and the present position of this country, precarious as it is today—as I have tried to show—will not admit of rash experiments.

We have to make a tremendous national effort if we are to succeed in this country. If the Government were seeking really to do something for the nation they would make a declaration today that they intended during their term of office, and if re-elected, to take no more steps towards nationalisation. For what is happening? The private sector of industry is uncertain as to its future. There is obvious suspicion, so far as private industry is concerned, as to the intentions of the Government when there should be the utmost cooperation between private industry and the Government. That is being neglected because Members of the Government are intent on a purely doctrinaire policy. The future of this country is a difficult one. It can be put right only by utilising our native genius and capacity for invention and trade and industry. In the way stands His Majesty's Government. We can succeed in our task of survival only by sweeping away that administration and appointing a new Government.

11.37 a.m.

Major Bruce (Portsmouth, North) It was only to be expected, after the magnificent speech yesterday of my right hon. and learned Friend, that the Opposition would endeavour to extract the greatest possible satisfaction out of all the adverse features affecting our situation which the Chancellor himself brought forward quite frankly. From time to time I observed the hon. Member for Bucklow (Mr. Shepherd) say how pleased he was that the Chancellor had been able to give such a good report. I only wish that some time during yesterday's Debate, when the good news was being announced by the Chancellor, there had been the flicker of a smile across the faces of His Majesty's Opposition.

The Chancellor brought forth some figures which were very satisfactory to our country as a whole. It is nice to know that after all we have been through, after the years of war and after the years of strain since the war, we are within measurable distance of doing what many people at one time thought would be absolutely impossible. We have achieved nearly 50 per cent. increase in exports over 1938. Those figures do not reflect the effort actually made by our people which has made this possible and I think it would be wise if we and the country knew exactly how far, compared with other nations, the productive effort of our own people, regardless of party, has been made.

We find that this amazing achievement in exports has only been possible because industrial production in Great Britain is 16 per cent. higher than it was in 1938 and because agricultural production in this country is 6 per cent. higher than in 1938. One also finds, if one looks at the reports published by a quite impartial body, the United Nations Economic Commission; upon which are capitalists of the United States, Communists of the U.S.S.R. and the representatives of various other countries—"The Survey of the Economic Situation and Prospects in Europe"—exactly how well the people of our country have done in comparison with those of other countries in Europe. We find that, of all those countries which contribute more than one per cent. of the industrial production of Europe, Britain since the end of the war has achieved the greatest increase in industrial production. In the field of agriculture, apart from Ireland and Turkey, who, so far as I recollect, took no major part in the war, this country has achieved the greatest increase in agricultural production in Europe. These are things of which the whole nation, regardless of party, should be proud indeed, and I repeat that it would be nice occasionally to see the flicker of a smile, however temporary or however tempered by the knowledge of the struggle that lies ahead, on the faces of hon. Members of the, Opposition.

Mr. Selwyn Lloyd (Wirral) Will the hon. and gallant Gentleman, to round off the picture, give the comparative figures for the United States?

Major Bruce I shall have to make my own speech in my own way, and shall come to the position of the United States. The reaction of the Opposition is already noticeable. After giving these facts, of which the whole nation should be very proud indeed, the instinctive reaction of the Opposition is to say "Yes, but what about the United States?" Not one word of praise for the people of our own country.

Major Tufton Beamish (Lewes) I think we are all enjoying this eulogy of private enterprise.

Major Bruce I shall come to the position of private enterprise presently, especially the private enterprise of the individual citizens composing all these concerns who have been mainly responsible for these increases, in many instances in spite of those who direct them. I want to make one other point, and I can quite understand the Opposition being a little discomfited by it. We have to make some very relative comparisons, and I was pleased that the hon. Member for Bucklow touched upon it. We find, in comparison with what this country did after the last war in an exactly similar period—I am not talking of the export efforts to which he referred, but of the individual production of the people—according to this United Nations Economic Survey, by 1920, Great Britain had reached only 92 per cent. of her 1913 production level, and by 1921, three years after the war, that production had sunk to 55.1 per cent. of her pre-war production. and yet this time, by June, 1947, we had reached 107 per cent. of our 1938 production, which was increased to 116 per cent. by June, 1948.

Colonel J. R. H. Hutchison (Glasgow, Central) Would the hon. and gallant Gentleman also point out that, after this war, we had the benefit of American help?

Major Bruce I shall also be coming to that point later. We should observe the instinctive reaction of the Opposition when any facts which reflect great credit on the whole of the people, regardless of party, are mentioned. It is a fact that, at the same time as this encouraging production increase has taken place, of which we as a nation can be mighty proud, in this country, at the present time, after making allowances for the changes in population, we are spending yearly as a nation five per cent. less on the various necessities of life and consumer goods than in 1938, and the national standard of living, as expressed in terms of money in people's pockets and the goods which that money will buy, is five per cent. less than in 1938. I give that to the Opposition, and I hope they will extract the last atom of comfort from it, as I have no doubt they will.

At the same time, there are millions of people in our country who, despite that national decrease, are living in very much better conditions than in 1938. There are many people outside this House, in the little streets of the constituencies which we represent, whom hon. Members of all parties visit from time to time to see them about their own problems and to explain things to them, many of whom, very often—I am not speaking of all, because the standard of perception of the people is very much greater than many people apprehend—are not able to follow our deliberations and the Chancellor's figures in the same way as those who are well versed in the economic situation and the affairs of their country can do. The little people of this country are faced with a paradox. They are told by the Chancellor, supplemented by the facts of the Economic Survey issued by the United Nations, that the production level of this country has never been as high, and yet, at the same time, in their own individual experience, in terms of what their money will buy today and of their standard of living, they are conscious that their standard of life is not as great as it was in 1938.

What explanation are hon. Members of this House going to give to the little people in the streets of England whom we visit so often? Are we going to tell them the truth as we see it? I say this is a matter which has to be faced, because there is a strong vested interest in this country—and I regret to say it—in this nation's failure. Very often, people are not given the real facts about the situation which many of us would like to see, regardless of the party to which we belong. Are we going to tell the truth to the people of England? Are we going to say that the reason why the money in the people's pockets and the supply of goods available are less, in terms of real value to them, than in 1938 is very

largely due to adverse terms of trade, or are we going to try and fob it off by saying "Well, of course, all this is due to the mismanagement and incompetence of the Government."

Mr. Harold Macmillan (Bromley). Tory misrule.

Major Bruce The right hon. Gentleman, in a blinding flash of honesty, says "Tory misrule." I entirely agree. Or are we going to say, in regard to the invisible export position of this country, that the reason why we have not got that large income from investments abroad is because we sold some £1,118 million during the war? Is the Opposition going to say that the reason we have not got so much invisible income is because we have incurred a £3,000 million debt on which we have to pay interest? Is the Opposition going to be perfectly honest and tell the people that the real reason their great productive effort is not yielding more to them in terms of individual prosperity lies in the sacrifice in destruction which this country incurred during the war and which resulted in the virtual disappearance of our invisible trade; or are they going to say, as we hope they are again with a blinding flash of honesty such as that which illumined the countenance of the right hon. Gentleman the Member for Bromley (Mr. H. Macmillan) a few minutes ago, that although the prices which we had to pay for imports and exports were in virtual equilibrium in December, 1945, the index figure for imports was 195, compared with 100 in 1938, and that of exports 194. Is the right hon. Gentleman going to say, "Oh, well, all that has changed now; the index figure for our imports has only gone up to 290, whereas that for our exports has only gone up to 252"? Is he going to say that? Even if he does not, and despite some of those who have an occasional desire to suppress these things, I have no doubt that the facts of the great effort of our people will ultimately get round.

I think that the speech of the Chancellor of the Exchequer, supplemented by the various facts, shows that we have done very well. But we have only done well, as my right hon. and learned Friend pointed out yesterday, because of the extra stimulus given to industry, and also because of the self-restraints of our people. In many cases, these restraints have been very hard to bear. In this, the Opposition have been playing the somewhat dubious rôle of prosecutor and agent provocateur at one and the same time. They have seized upon every shortage, every hardship, and every difficulty. They have magnified them all a thousandfold. It is a great credit to our people that even within the atmosphere deliberately created by the Opposition, through the organs of public opinion which they control and through the atmosphere of disillusion which they have created, we have, nevertheless, done as well as we have. Today, the Opposition can no longer keep up that dubious rôle because, in this matter, they now stand, not as prosecutor or agent provocateur, but in the dock.

Whatever melancholy satisfaction the complete exposure of the Opposition may give us, it still does not help us with the fundamental problems enunciated by the hon. Member for Bucklow. He said—and I hope his speech will be widely read—that we cannot hope for any betterment in our position until the terms of trade have changed in our favour. He seemed very gloomy about this, and, in many ways, I cannot find it in my heart to express any great optimism. But, after reading some of the reports of the Economic Commission of the United Nations, I think I know the cause of it. I would say that the principal reason is that the demand for primary commodities in the world, such as food and raw materials, is vastly in excess of supply.

I hope that hon. Members opposite will agree with that, even though for years they have denied that there was a food shortage. The United Nations' reports make it quite clear that the fact that the demand for primary goods vastly exceeds the supply has created a dollar disequilibrium in the world and the bulk of our payments problems in Europe, particularly in Western Europe. At the same time, precisely because there is this difficulty of obtaining supplies of raw materials and because of the dollar shortage caused by it we find ourselves with a closing market for our manufactures.

This is where I profoundly disagree with the hon. Member for Bucklow. He says that we should be very careful about exporting our capital goods abroad. But if there is one salvation for this country, and for Western Europe, it is that we

should export all the capital goods that we can conceivably spare in order to assist the countries of Europe to raise their production of primary commodities. If Europe as a whole raises its production of primary commodities then, at least, we may find that the adverse prices in respect of our own primary commodities will begin to move gradually in our favour.

Mr. W. Shepherd I did not say that we should restrict the export of capital goods; all I said was that, by its essence, the export of capital goods was a hazardous procedure. I ought to point out that the areas for capital goods, which would be countries like Russia, India and China, have not the political stability to sustain a vast market for them for an indefinite time.

Major Bruce I accept the assurance of the hon. Member for Bucklow, but I have in my hands a report of the Economic Commission for Europe, dated 14th August, 1948, which, again, is subscribed to by the capitalists of America, the Communists of the U.S.S.R., and the various varieties of political persuasions on the Commission. They say that the countries of O.E.E.C., if they do expand their exports of capital goods to the other countries of Europe, can, in fact, raise the ordinary agricultural and raw material productions of those countries to such an extent that there will, in any case, be some possibilities of the rise in American prices being arrested, and finally turned in our favour.

This brings me to a point which I want to put to His Majesty's Government. It is of the utmost importance that we should continue the policy of exporting a certain amount of our capital goods, a policy which the Chancellor has propounded so far. But we should also remember that a little self-restraint is also required in this matter because, however many capital goods we must send abroad for the purpose of increasing primary production, we must, nevertheless, remember that it can only be done at the expense of exporting some of the capital equipment which we require in this country.

It is often asked by our political opponents, "Why do you send all this agricultural machinery abroad when we want so much of it at home?" Of course, they do not mention that we are producing about three and a half times as much agricultural machinery today as we did in 1937 and 1938 combined. However, it still remains a factor that there must be some restraint, and it is incumbent upon people of all parties to tell the country that such restraint is necessary in order that we may raise the production in the whole of Europe. Therein lies the supreme significance of what my right hon. Friend the Foreign Secretary said two days ago; there lies the way of ensuring, not only our own revival, but the revival of Europe, which is part of it.

It is all very well drafting new charters and new constitutions for European assemblies, but the fundamental troubles of Europe are economic. Therefore, in so far as we can contribute to their solution by our own effort, we shall be gradually improving those terms of trade about which the hon. Member for Bucklow was speaking. Very often, in discussing foreign policy—and I have been as guilty of this as anyone—we touch upon and emphasise acts of day-to-day policy by the Government in relation to foreign countries. But the most supremely important part of our foreign policy is the success of our domestic policy. As in Europe, and in the rest of the world, that is the strongest point of this country. If we can sustain the recovery and the productive efforts which we are making, we shall not only help to sustain the individual citizen of Britain, but also to preserve the peace of the world.

I would like some reassurance from the Government on my next point because it seems that we are in a paradoxical position. It was announced the other day that we were going to increase our Armed Forces. There may be a military necessity for this which I do not for one moment dispute, but I would draw the attention of the Government to this fact: that in war the greatest strength of a country lies in the economy that supports its Armed Forces and its war machine. Are the Government quite sure that they have maintained the correct balance here? If we are going to increase our Air Force vastly, then we must all expect demands of steel, aluminium, wood and labour, and the upsetting of all priorities. Will this unhappy increase which we have to make to the whole of our Armed Forces mean that dislocation of our production programme? Will it be that in a month's time, because of this necessity, we shall see

a declining figure of production for peace-time purposes? I hope the Government will look into this question and see that the balance is properly maintained.

The picture which the Chancellor presented to the House, in spite of all the difficulties which we have yet to face—and I would not wish for one moment to gloss over them—is one in which we can have a sober, but not complacent, satisfaction. This position has been made possible not only by the efforts of our people but by the wise, calm and cool direction of a Government which knew from the first precisely where it was going, which knew it would get all the gibes that it got and which knew it would get but little assistance from those who have paid lip-service to their country. Therefore, today I am very proud not only of my country but also of the men who lead it.

12.2 p.m.

Mr. Wilfrid Roberts (Cumberland, Northern) I am very glad to have caught your eye this morning, Mr. Speaker, because I am in a position which the majority of Members of this House are not in; that is one of having read the Amendment and listened to the speeches, trying to make up my mind on the merits, as to how I should vote this afternoon. Therefore, I would like to say a few words not about the economic, but about the political implications of this Session.

I wonder whether it is fair to say that this Session is "a partisan manoeuvre." It is obviously to the advantage of the Government to reduce the powers of another place, because it happens to be a fact that another place has an overwhelming Conservative majority. But I want to put this point to the right hon. Member for Bromley (Mr. H. Macmillan). I am particularly glad to put it to him because he is one of the Conservatives who can claim to be liberal minded. It is certainly an advantage to the Government to reduce the powers of another place, but is it really liberal at this time, after all that has happened in the world in the cause of democracy, to rely on an institution of the sort which the Upper Chamber is to defeat the will of the people expressed at the General Election? After all that has happened, and while perhaps the Government have in mind the question of steel, is it reasonable that the Opposition should consider the possibility that something which has been agreed to at the General Election should be defeated by such an archaic institution as the House of Lords?

As a Liberal, bearing in mind the traditions and history of the Liberal Party with regard to this long conflict, I cannot agree that that is a liberal attitude to take, if indeed it is the attitude of the Conservative Party. Therefore, it does not seem to me unreasonable, nor can it properly be called a partisan manoeuvre, for the Government of the day to alter the powers of another place. My complaint is that at this stage in the development of democracy it does not seem to me justifiable that we should indefinitely keep a hereditary House. I should like to see an alteration not only in the powers of another place, but in its constitution, although I think that such a big alteration as that, certainly if it has not the general approval of all parties, requires the sanction of the electors at a General Election. Therefore, I am not blaming the Government for not making that alteration now, but I am saying that unless agreement is reached—

Mr. Harold Macmillan (Bromley) Agreement has been reached.

Mr. Roberts Agreement was not reached on the whole question; agreement was not reached on the question of the powers.

Mr. Macmillan Agreement was reached on the composition.

Mr. Roberts Yes, but clearly the powers cannot be divorced altogether from the composition, nor the composition from the powers. As a Liberal, I want to see the composition changed, but, given the present composition, I cannot accept that the present powers should be used in the interests entirely of one party. Therefore, I cannot accept the view that this is simply a partisan manoeuvre.

This Session has given the Opposition and the Government an opportunity to discuss the present agreed serious situation of the country. We have had an opportunity of offering solutions for the "multiplying difficulties both at home and abroad," to use the words of the Amendment, and therefore I think this Session has been fully justified. I do not think any other arrangement would have given us a better opportunity to discuss the difficulties, whether they are multiplying or not. We have had a most interesting Debate upon the economic state of the country, both at home and in relation to our balance of trade, and if we have any constructive suggestions to offer we have had an opportunity to make them.

I think it is true to say, having listened to the speech of the Chancellor of the Exchequer yesterday, that it did not evoke that enthusiasm from the Opposition which might have been expected if we had a higher degree of national unity. The hon. Member for Bucklow (Mr. Shepherd), who made a very interesting speech this morning, may be fairly described as a prophet of gloom, and I for one cannot help feeling that the Opposition have some vested interest in the dissemination of gloom. It is right that the Opposition should be critical and should point out the dangers and the difficulties of our situation, but I think they have been carrying it a little far in their response to the Chancellor's speech; indeed, their response only became vocal when he issued the warning that we were not to take too rosy a view of the situation.

If I vote against the Government today I, therefore, record a vote that the Opposition is right and that the outlook is one of almost unrelieved gloom. As far as I can see, the Opposition have provided no alternative substantial suggestion. They told us that if the Government nationalise steel that will be a mistake. Very likely that is true, but they have not told us, if the Government do not nationalise steel, what else the Government should do. Nor have they told us whether, if they do not nationalise steel, we can still see our way out of our foreign trade difficulties. The hon. Member for Bucklow assured us that even if the Government were forbearing and did not nationalise any more, then for other reasons we should still remain in the most difficult situation.

Last night there was an argument whether or not the Conservative Party were in favour of controls and I left the Chamber quite uncertain whether they are or not. Therefore, in casting a vote this afternoon I am not clear what constructive alternatives the Opposition have in mind. One thing I am clear about, and that is this: that the Chancellor of the Exchequer ought to be congratulated on the statement he was able to make yesterday. For my part I believe he is the best man for that job of any who could be found in any part of this House. I say that partly because I think he should also be congratulated on the success of his standstill arrangement in wages and salaries. To my mind, in the last year and at the present time that problem has presented the greatest threat to the whole of our economic stability in this country and, while organised and unorganised workers of this country are also to be congratulated, I think the Chancellor of the Exchequer deserves real congratulation for his leadership on that major issue of policy.

I wonder how I should vote in order to demonstrate, both with regard to our economic problems at the present time and with regard to the foreign situation, the essential national unity of this country today. I believe there is a greater measure of unity on both those fronts than the Opposition feel it wise to admit. Having had the privilege of being an hon. Member of this House before the war, I can think of the arguments which would then have been put by the Government Front Bench against the Government on a general issue of no confidence, which this Amendment is, with as threatening an international situation as that which exists today. Those are arguments which I am glad the present Government do not use as widely as they were constantly used by the so called National Government before the war, because I believe it is a good thing that differences of opinion should be clearly expressed and that there should not be a muddling of ideas in order to put up a façade of agreement.

In fact, I think there is a great deal of agreement on the major issues of the present time. I do not consider that anything the Opposition have said in these two days can persuade me that on the whole, in these dangerous and

difficult circumstances, they have an alternative plan to deal either with our foreign difficulties or with our commercial difficulties—a plan which would better meet the circumstances of this time.

12.15 p.m.

Mr. Harold Roberts (Birmingham, Handsworth) It was interesting to listen to the hon. Member for North Cumberland (Mr. W. Roberts), and, indeed, self-examination of that kind is always interesting, particularly when the person undertaking it is troubled by the past of his Party. It is a little difficult for him to maintain that the powers and composition of the House of Lords are inseparably connected when the late Mr. Asquith, in passing the Parliament Act of 1911, maintained that they must be dealt with separately. It is not easy to condemn the present Opposition for not reforming the House of Lords or putting forward constructive proposals to that end when it is remembered that the Liberal Party held office for some three or four years after Mr. Asquith had pronounced the reform of the House of Lords to be a debt of honour which brooked no delay. It is a consolation to me, belonging as I do to a Party which I gather stands in the dock, to realise that other parties which are inclined to value their merits rather highly are not entirely infallible.

The Debate has ranged over a very great variety of subjects and hon. Members have exercised to the full the privilege which they always possess of talking on the Address about every subject from China to Peru—and rightly so. I have been struck by the fact that very few indeed, if any, have dealt with the Gracious Speech, the reason being, I think, that the Speech, and the Address in reply are not subjects of first-class interest. The question of the abridgement of the powers of another place is not a subject which excites very great interest in the country. The people are far more interested in foreign affairs and in home conditions and hon. Members, naturally, want to talk about those subjects.

I hope I shall not be called paradoxical if, in the very few minutes for which I shall detain the House, I talk about the Gracious Speech and the comments thereon by the Leader of the House. It was very generally alleged when this Session opened that it was a party manoeuvre because it was part of a scheme to abridge the powers of another place so quickly that the Steel Bill could be dealt with during this present Parliament—that it was a manoeuvre to achieve an object which the Government thought a highly desirable one. It was not regarded as an abstract piece of law reform or constitution making. The Leader of the House took occasion to reprove hon. Members for that point of view when this Debate opened and the wording of his rebuke is extremely interesting. I take the liberty of reminding the House of what he said: “There seems to be a persistent idea in his mind and in the minds of his friends that the only purpose of bringing in this Bill is to ensure the passage of a certain legislative possibility which has not yet seen the light of day—one Parliamentary Bill. I can assure the House that that really is moonshine; there is no truth in that at all. This Bill was brought in for sound constitutional reasons which I will shortly indicate, not for the first time I am afraid; it was not brought in for the purpose of safeguarding any particular legislative measure. But even if this had been the purpose, it would not necessarily have been an illegitimate thing to do.”—[OFFICIAL REPORT, 14th September, 1948; Vol. 456, c. 22.]” The guarded phraseology is extremely interesting. It was not “the only purpose.” There was a significant phrase. It was not brought in to secure the passage of a certain Bill “Which has not yet seen the light of day ... there is no truth in that all.” I am afraid that I cannot accept the mere dictum of the Leader of the House as being conclusive in this matter. One or two things ought to be considered: In the first place, the truculent and threatening demeanour of the Leader of the House on the occasion of the passage of the steel resolution a little over two years ago, in May, 1946, when he threatened the industry with what would happen if they did not co-operate. Secondly, the general consensus of public opinion as to how the Steel Bill should be fitted into this Parliament. Thirdly, and most significant, the contents of the Bill itself. If this Bill is intended to be an exercise in constitution-making, a piece of law reform, there is no point in making it retrospective. The retrospective Clause can only operate once and be once of interest. If it is intended to be a piece of permanent legislative reform, that Clause is unnecessary. It is only rational to think that it was put in because the Government had contemplated that within this Parliament they intended to press forward with the Measure.

Mr. Speaker We are not discussing the Parliament Bill now. The hon. Member is breaking the rule of anticipation. That Bill is down for discussion on Monday.

Mr. Roberts I respectfully bow to your Ruling, Mr. Speaker. I think that I may say that the insertion of a Clause in a Measure foreshadowed in the Gracious Speech may be said to indicate a certain view of the Government as to the course of legislation during this Parliament. I will go no further than that, but I think that I am entitled to say that it is interesting to note one thing: The Leader of the House said that if in certain circumstances the programme adumbrated in the Gracious Speech was an attempt to ensure that the Steel Bill should pass into law during this Parliament, it would not necessarily be indefensible. My submission is that only one thing could possibly justify anything of the sort—a conviction that it is of the utmost and paramount importance that such Bill should be on the Statute Book, no matter what the electorate may think at the next Election; that we had this state of affairs, that the steel industry is inefficient; that since the Debate, in 1946, it has systematically been making losses; that output has been falling, and the workpeople are discontented; and that by contrast those industries which had been nationalised, shall we say the coal industry, has shown an enormous improvement in output, a great resilience and considerable profit; and that civil aviation had been run at a profit. If those things were true, the exceptional case mentioned by the Leader of the House might be said to arise.

I think that one can hardly say that any of the conditions which I have mentioned prevail. The steel industry is certainly not operating at a loss; the workpeople show no signs of discontent; its output is very great, and its contributions to the export trade and to the national wellbeing are very great. Of the other concerns which I have mentioned, the best that one could say would be that all reasonable people would wish to give them a fair chance and not relegate them out of hand to the category mentioned by the hon. and learned Member for Northampton (Mr. Paget) of those concerns which in the public interest must trade at a loss. It would be too harsh to do that prematurely; but to put them in the category of things that may turn out well in the end is the best that one can do. The emergency suggested by the Leader of the House has certainly not arisen. In spite of what he says, I remain of the opinion that the Measures adumbrated in the Gracious Speech, though possibly not only those Measures, are the main and dominant reason for the promotion of the programme which is now before us. That appears to me to be a partisan manoeuvre and, notwithstanding the delicate conscience of the hon. Member for North Cumberland, I think that it is an occasion for making up one's mind, and my mind is very definitely made up.

12.26 p.m.

Mrs. Braddock (Liverpool, Exchange) Having listened to a Debate which has ranged very widely, I hope it will not be considered too small if I limit my remarks to a particularly serious situation in the area which I represent. I think that it is quite wrong when we are in our present difficulties—although it is quite obvious that the situation is brightening—to have an area, which is not what one could consider inconsiderable, with 20,000 unemployed people. This is a matter of long standing. The position is very much better than it was at exactly the same time after the 1914–18 war under Conservative control, when one in seven of the population was unemployed, but it is still particularly bad, when it is necessary for the country to use the best of its man and womanpower, to have an area of some importance with a big unemployment problem, and seemingly a hard core of unemployed with whom we are finding it very difficult to deal.

For some months past I have been asking Questions about the actual situation, and I am tempted to go further into the matter by the fact that the hon. Member for Edge Hill (Mr. Irvine) yesterday made a cursory comment about the position, and it was evidently considered to be of such importance that the Economic Secretary to the Treasury made a slight reference to it in his reply last night. I hope that when I have finished my comments the President of the Board of Trade will be able to give us some indication that active measures will be taken in the very near future to remove this hard core of 20,000 unemployed in the Merseyside area.

On Merseyside we have a local Act of 1936 which gives powers to Liverpool which are almost governmental. We have a two-thirds Conservative majority in the Liverpool area, and we have been pressing to find out why it is that these powers are not being used to the extent that the opportunity to use them makes possible. It is very difficult to assess the position, but in a large degree there are various suspicions which exist in the Liverpool area that the self-styled or self-positioned leader of the strong Conservative Party there may, if inquiries were made, be found to have some rather personal interest in the position, and it may be that it would be necessary for the Government to look very deeply into the position of personal political leadership in an area which has 20,000 unemployed.

I do not want to make specific personal comments, but I say most emphatically that it would be very useful if the Board of Trade, or the Government generally, or whoever is responsible, would make some more detailed inquiries into the number of factories and buildings which have been put up in the Liverpool area over quite a period, to find out who is the architect of those particular buildings. The Government should find out whether the leader of the Conservative Party in Liverpool is also the main architect in the whole of the area, and it may be they would find some reason why the powers in Liverpool have not been used to the extent they should have been, and why there has been so much opposition from the Tory Party to the scheduling of Merseyside as a Development Area. I hope that when I have finished the President of the Board of Trade will be able to give some hope of very active consideration being given to the Merseyside area, and will be able to tell us that, arising out of discussions and deliberations, the Merseyside area will be scheduled as a Development Area. It is only Liverpool itself. Birkenhead, Wallasey and Bootle are all desirous that it should become a Development Area, but the hold-up has been that the strongest political party in Liverpool has refused to agree to make the recommendation for Merseyside to become a Development Area.

Mr. Joynson-Hicks (Chichester) As I understand it the hon. Lady the Member for the Exchange Division (Mrs. Braddock) has made exceedingly serious innuendoes against an easily identifiable person. Can she inform the House whether she has evidence to support those innuendoes or is she simply casting general aspersions on a public character?

Mrs. Braddock I have not made any innuendoes. I have asked for inquiries to be made and I am perfectly entitled to do that. I am perfectly entitled to have an opinion on the matter, and if my opinion is wrong, perhaps somebody can positively deny it. I have lived in Liverpool a long time. I have been a member of the local authority for 18 years and I have had on occasion in the City Council in Liverpool quite openly to make various references to this position. It is not an opinion which I alone hold. I said it was a general suspicion. The suspicion may be wrong, but let us have it looked into in order to see whether it is wrong or not. I will leave the position there at the moment, and no doubt, since I have made the statement, there will be some inquiries? I want the inquiries to be made. I believe that where there is a solid hard core of 20,000 able-bodied men and women unemployed, there may be something wrong that needs detailed inquiry, and we may find that it is something that is not apparent on the surface.

Let us see what the position is in Liverpool. On the figures provided by the Ministry of Labour, we have unemployed 2,002 building trade workers, men between the ages of 14 and 64. We have 502 civil engineering construction men between the same ages out of work. These are the latest figures that I have been able to obtain and are for April of this year. In shipbuilding and ship repairing there are 2,149 unemployed; engineering, 622; construction and repair of motors, 592; and so it goes on until we come to shipping services, when we find there are 2,472 unemployed; docks and harbour services, etc., 1,071; distributive trades, 1,157; national Government service, 1,077; local government services 624; and other industries and services 4,988. Those are in men only. We have, on the other hand, 4,580 women out of work. They have been out for long periods, for this is not a short period unemployment problem but a long period problem. Some of these people have been out of work for over 12 months.

Let me say, in passing, that in this House I have listened on many occasions to comments being made about the pools and the employment they afford. I should like to say most emphatically, without having anything to do with the pools

or having any interest in them in any way, that if we had not had the two big pools organisations employing labour in Liverpool, there would have been a major unemployment problem in that city because, between them, under good conditions and paying good wages they employ 20,000 Liverpool workpeople. It may be that these people should be doing something more useful, but the position is that when there are 20,000 unemployed any type of employment that provides good wages and conditions, and keeps the position from becoming too difficult, is something we cannot ignore. So the situation is that if we had not had those two big pools organisations, our unemployment figures in Liverpool might have been in the region of about 50,000.

The position can be judged if I am permitted to give figures, which I think particularly enlightening, as to the length of time that some of these people have been unemployed. The latest figures with which the Ministry of Labour have supplied me are for May of this year, and it is rather amazing to discover what the situation is. Men between the ages of 18 and 64 who have been unemployed for two weeks or less total 3,201; those who have been out of work up to eight weeks total 4,738; those who have been out of work up to 13 weeks total 2,304; those who have been out of work up to 52 weeks total 4,179; and those who have been out of work over 12 months total 2,751. Those are men only. There are women numbering 3,313 in the various periods of unemployment to which I have referred. When the country requires industrial and productive workers, in an area such as Liverpool, where this core of unemployment remains constant—it has not altered very much since the beginning of January; although 4,000 have been directed or gone out of Liverpool, the figures still remain round about 20,000—it becomes an emergency situation and should receive very careful and detailed consideration from every Department involved, so that we may find the reason why there are 20,000 unemployed.

We have in Liverpool men between 21 and 23 who have been in the Forces, the Pioneer Corps, the Air Force, the Navy, and the Merchant Navy. They have been discharged physically fit, with A1 characters, but now they are deteriorating and rotting physically and mentally at the street corners. Yet the country is in dire and desperate need of productive workers in various fields. What does Liverpool need? It needs some major heavy industry which has ancillary services attached to it, so that the major heavy industry can be fed by the ancillary industries and not, as in Liverpool where we have continually had under Conservative domination, both nationally and locally, light industries, which were not of a permanent character but of a casual nature.

In spite of Liverpool being such a rich seaport and cotton centre from the point of view of the business magnate, most of its employment up to now has been of a casual nature. We cannot continue in that way. We must have special consideration from this Government, which is what we have not had from any other Government. Liverpool has suffered terrific and terrible damage, and in spite of its unemployment the central areas are still in a disgusting state due to war damage. Places are falling down because no one has bothered to demolish them and clear up the mess. There is something radically wrong when we see a situation of this kind in spite of these numbers of agile men and women who have given good service in the Forces during the war and are now unemployed. This Government has no right to allow them to stand on the street corners for any period up to 12 months deteriorating mentally and physically, so that eventually when the long-term policy for dealing with this problem is put into effect and factories are built these people will not be in a fit condition to accept the jobs which are offered.

It is a short-term policy that we need in Liverpool; we shall be able to deal with the long-term policy. This problem which has to be faced has been left to us as a result of years of Tory domination both locally and nationally, and it now needs strong action on the part of a Labour Government to deal with it, with constant personal supervision by some Department taking full responsibility for dealing with the situation. I hope that as a result of what I have said the Board of Trade or some other Department will pay particular attention to the position in Liverpool, and that the President of the Board of Trade will be able to give us today some hope and some vision of permanent employment for these people in the future.

12.42 p.m.

Mr. Cuthbert (Rye) The hon. Member for North Cumberland (Mr. W. Roberts) complained that no one had said anything which would lead him to vote against the Government on this occasion. I hope that when he has heard what I have got to say, it will lead him to go into the Division Lobby in support of this Amendment. We have been asked to refrain from saying anything in connection with the Berlin situation, and I for one do not propose to speak on that subject. Today, we hear a good deal of complaint about Russia's iron curtain, but I am wondering whether there is not a similar iron curtain being drawn over this House by the Government on foreign affairs. We are always being told that we cannot have a Debate on this subject, and we are now waiting for information on Hyderabad, Malaya and so on.

I think that the Government are wrong in their approach to prices. Prices should be cut down. From the Public Accounts Committee we can find out a little more in regard to what is being spent by way of subsidies, by which I do not mean just subsidies on food—I hope it will not be thought that I am referring to the ordinary subsidies on food. I am not giving away any secrets, because Members can read about this for themselves in the report of the Public Accounts Committee. It will be seen that I asked, in regard to one balance sheet, why a loss was called a subsidy, and why we could not cut down what would ordinarily be considered to be a genuine loss in trade. The Chancellor of the Exchequer has told us that he will not go beyond £400 million for subsidies, and yet the next thing we know is that that figure has been largely increased this year and that the amount will probably be nearer to £500 million.

This leads me to my suggestion. I consider that the price of coal is at the bottom of our troubles. Coal is vital to our industries to run our factories and engines for everything we make in this country. If we could get cheaper coal we could reduce the prices of most of the articles manufactured in this country, not only for home consumption but for export. I hope that the President of the Board of Trade will tell us why we could not spend £200 million of this £500 million in reducing the price of coal by £1 per ton. That is an enormous figure, but 200 million tons is the target which is aimed at for coal consumption this year, which is why I give the figure of £200 million. I consider that a reduction of £1 per ton on coal would enable us to cut down the prices of our commodities very considerably.

If the £200 million were spent in this way it would be spent to some real purpose, and I ask why this should not be done. If we must go in for subsidies to this enormous extent, then let us subsidise the main article, namely, coal. I have been told that if we put £200 million into the hands of the Coal Board, the miners might say that they want part of it for themselves. There is a very simple answer to that, and that is that the subsidy should be kept entirely apart for subsidising the consumers' needs. I hope that we shall have some answer to this suggestion, because in this way I am convinced, at a time when we are dealing with price levels, wages and so on, we should be spending this money in a very profitable way.

12.48 p.m.

Mr. Coldrick (Bristol, North) The hon. Member for Rye (Mr. Cuthbert) has put forward a very interesting suggestion. It is exceedingly difficult to know precisely what is the position of Members opposite, because from time to time they have been the most bitter opponents of subsidies of all kinds, whereas now we discover that one of their Members is putting forward this suggestion that we should subsidise the price of coal. While we should all like to see the price of coal reduced, I think the main idea behind the proposal is easy to understand, namely, that by this way we could reduce the costs of other articles and so increase the profits of those engaged in private enterprise.

Mr. Cuthbert I think the hon. Gentleman has misunderstood me. I said it was not to increase profits but to reduce the price of coal which, in turn, would reduce the price of articles.

Mr. Coldrick Whatever construction may be put on what the hon. Gentleman said, Members opposite are enterprising in putting forward propositions that are calculated to increase private profits, but are unenterprising when it comes to a question of promoting public enterprise. However that may be, I think every Member of this House is bound to derive a good deal of inspiration from the record of achievement related to us by the Chancellor yesterday. As one who has criticised him from time to time, it would be churlish of me to withhold from him credit for the great part he has played in making this possible.

Most of us here will agree that if we are to have peace and prosperity in the world, we can only achieve it by complete cooperation among the nations and among the people within those nations. Although this Debate has ranged over a large part of the globe, and has occupied itself with many of our own internal economic problems, one thing is clear: whether it is in Malaya, Hyderabad or anywhere else, unless we can create conditions in which nations and people feel they can enter into genuine co-operation it will be impossible to allay the strife which is prevailing at present. If colonial peoples are actuated by the belief that any Power is using its authority simply to exploit their countries for raw materials or markets, there will be no peace in those areas.

It is easy to talk about co-operation, but there will never be co-operation between the Labour Party and the Tory Party for the simple reason that the purposes they seek to serve are alien to each other. It has been patent today, as on other days, that every time Members on this side of the House put forward propositions calculated to facilitate the transfer of power from the hands of a limited number of people in this country to the community, they are regarded as making a shabby manœuvre. Why, in the name of all conscience, did a political movement like ours arise if it were not for our belief that justice could only be established provided economic power was taken from those who had exercised it for so long? If we want cooperation on the part of the working classes with others it is the responsibility of the Government to create the conditions within which that co-operation can be effective.

I have addressed people in many parts of the country, and I have always found that the main difficulty in getting wholehearted co-operation from the workers is their implicit belief that the more they put into industry, the more the owners take out of it. Unless we can create a feeling of partnership, so that the rewards will be proportionate to the effort, we shall fail to bring about those conditions which will evoke the greatest response. For that reason, most of us sincerely believe that if, through public ownership, we can create conditions for partnership in which everyone will feel he is a partner, we shall produce co-operation which is far more effective than when industry is organised on the basis of private ownership.

To turn specifically to one or two questions which have been raised about price reductions, the right hon. Gentleman the Member for Saffron Walden (Mr. R. A. Butler) said yesterday that he had read in "Reynolds News," which is a Cooperative newspaper, statements about the policy pursued by the Co-operative Movement. I ought perhaps to assure the House that "Reynolds News," although it is owned by co-operators, must not be construed as being an organ which authoritatively expresses the unanimous decisions of people inside the Co-operative Movement. Believe me, a newspaper in the Co-operative Movement exercises quite as much freedom as the most independent newspaper to say precisely what it likes.

The House will probably recall that the Chancellor made an appeal to traders, manufacturers and trade unions to try to bring down the cost of living. We all feel that we have a responsibility in that direction. Accordingly, the Co-operative Movement, acting in a public-spirited manner, considered how best to assist the Government in the task confronting the nation. They agreed to reduce prices over a certain range of articles, and chose those articles which they felt would be best calculated to serve the Chancellor's purpose. It should be clear to Members opposite—I hope it is clear to Members on this side—that if the Co-operative Movement continues to charge current prices any margin or surplus from trading operations would be paid back in the form of deferred rebate. In order to assist the Government certain

reductions were effected in the hope that other traders would do likewise, and that the trade union movement would refrain from making any further claim for wages increases and advances of one sort and another.

I pay my tribute to the restraint which has been exercised by the majority of our trade union leaders, but I would point out that the Co-operative Movement has to face many difficulties that are peculiar to itself. I think it is about the only organisation that lays down, as a condition of employment, that a person must be a member of the trade union movement. If we examine the distributive trades of this country, we find that the overwhelming percentage inside any trade union organisation are Co-operative members. I regret to say that in certain cases advances were claimed which imperilled the policy that was being pursued by the movement. Without dilating on this, I ask the Government to consider what they are going to do in this direction. While we pursued a policy of trying to reduce prices, the Government proceeded to withdraw the subsidies from leather and cloth, so that, consequently, there was a very substantial rise in the price of boots and shoes and clothing. Moreover, the considerable increases in the Purchase and Tobacco Taxes, together with the subsidies, tended to increase prices far more substantially than any reductions that could be effected by the policy we were pursuing.

I know perfectly well that any professional economist could resolve this contradiction, but, believe me, we are not legislating for economists in this country. The ordinary person, instead of thinking merely in terms of pounds, shillings and pence, invariably equates his labour to the goods he receives in return, and now has to face the simple fact that, whereas in days gone by he could easily obtain a suit of clothes for the expenditure of a week's labour, at the present moment he would be exceedingly fortunate if he got a suit of clothes for the expenditure of a week's labour. For that reason we want to be sure of the intention of the Government with regard to subsidies and the Purchase Tax.

I have argued some of these matters before, and I do not intend unduly to dilate upon them, but we ought to determine whether Purchase Tax is to be a permanent part of our fiscal policy designed for the purpose of raising revenue, or whether it is to be an instrument calculated to cut down the consumption of non-essential articles in order to divert labour to the production of those things which are indispensable for the nation.

I suggest to the Government, first, that instead of putting the Purchase Tax upon the range of articles to which it is now applicable, they should very substantially raise the Purchase Tax on all those articles deemed to be unnecessary for the life of the community and remove the Purchase Tax, as far as possible, from all those things the cost of which goes towards the making of the cost of living and are essential to anything like a reasonable standard of living. I suggest, secondly, that the Government should carry out a meticulous examination of the margins of profit allowed in production and distribution. The present policy seems calculated to keep in existence the most inefficient producers and distributors. It is not beyond the wit of the Government to ascertain what should be allowed as reasonable margins of profit to either the producers or the distributors of an article; and by fixing those margins they would tend to fix prices, at the same time making a substantial contribution to a reduction in the cost of living.

One of the problems confronting us is that of developing in this country what I might call a community consciousness. We must get away from the old idea that in society there will be a permanent struggle between wage earners and owners, or between producers and consumers. Even at the present time there is a too great disposition, which is a prolongation of the old traditional days of Tory rule, to think that whenever public boards or bodies are established the only two sides to be represented are producers, in the form of employers, and representatives drawn from the trades union movement.

This applies particularly in agriculture, as well as in industry, because if a farmers' union or an agricultural workers' union makes representations the pressure is likely to be such that the Minister will take a decision which may favour them but wholly ignore the interests of consumers. I suggest that in all these boards which are being set up representation should be accorded, not only to the partners in industry that is to say, the employers and the employed—but to an organisation of consumers in order that their point of view should have adequate presentation. The only

rational end of production is consumption, and it is not asking too much for the consumers to have an opportunity of making known their demands and their interests whenever production or distribution is considered.

I offer this mild criticism in the hope that it will have some effect upon future policy. I can assure the Government that I, in common with my colleagues, am prepared to give them every encouragement and support in bringing about a situation in which the whole economic power of this country will be possessed by the public, and not merely by a few of the public.

1.6 p.m.

Mr. Hollis (Devizes) It is no disrespect to my hon. and right hon. Friends if I say that I think the case for this Amendment was really made out, before it was even called, by the speech which we heard from the Lord President of the Council the other day; for the Lord President, explaining the purpose of this Session and the legislation that is to be introduced, said it was intolerable to allow a Government with a five-year term to run to be put into a position where all its legislation in the last two years of its life might be stultified. I know it is obvious to hon. Members that that argument has force upon one supposition, and upon one supposition alone, which is the supposition that the Socialist Party is not coming back to office after the next election. If the Socialist Party is coming back to office that argument has no force at all, because the present Parliament Act would allow this legislation to be re-introduced into the next Parliament. Therefore, we meet today under this shadow of Socialist defeatism, with the Lord President already trailing his clouds of anti-glory and preparing the country and his party for the defeat which it is due to meet in two years' time.

Let us consider this argument which the Lord President used, and which is so frequently used from the Treasury Bench, about these things being necessary because the Government have got to get through the programme, and that therefore these constitutional delays and obstructions cannot be allowed. What is the point and meaning of this argument that they must get through the programme? I can understand that there are certain circumstances, such as the circumstances of a war or a crisis, where events make necessary an enormous rapidity of legislation, and it just must be rushed through. But even supposing we admit for the moment the Socialist case, is there any necessity in the present circumstances for Socialism, for measures of nationalisation, to be rushed through with this enormous rapidity? Who drew up the programme? Who said we had to get through the programme? Why, the Lord President of the Council himself made the programme. First he tells us we have to get through the programme, and then he tells us that he wrote it. Well, if it is an impossible programme why did he write it? He is simply a contortionist. He is simply a man who is trying to pour a quart into a pint pot and then complaining that it is overflowing. It is entirely his own fault that it is overflowing.

My hon. Friend the Member for Bucklow (Mr. Shepherd) today made one of the most admirable speeches to which I have listened in this House. Among the admirable points he made, he rightly complained of a matter which does, quite honestly, give me great concern, which is that we have now moved into a generation where there are Socialists who themselves no longer know the case for Socialism. There are honourable exceptions to that generalisation, but there are all too many who are not exceptions.

The case against rapid nationalisation, of which my hon. Friend very rightly complained, is one which has been made, not only from anti-Socialist benches, but made with very great force by one of the greatest of Socialist thinkers—by Mr. Sidney Webb himself. Mr. Sidney Webb, more devoted to the cause of nationalisation than anyone we can imagine, explained very clearly that if nationalisation was to be successful it was essential that it should be done slowly and gradually because, as he argued, there was only a very limited amount of administrative ability in the country, and to rush these Measures through one after another—even supposing one is a Socialist and wants them to succeed—is to court certain catastrophe. Mr. Sidney Webb did not say that gradualness was desirable; he said that gradualness was inevitable. It is not the large question of whether Socialism is desirable or not—on which I could

detain the House for that would take too long if I went into it—but, granted that hon. Members opposite want Socialism, they are going about it in a way which is quite certain to bring the Socialist experiment to catastrophe.

There is a second reason why I feel that to be true. There are two quite separate arguments for Socialism which one finds sometimes in different mouths and sometimes indeed in the same mouths. On the one hand, there is the Messianic, apocalyptic Marxian idea by which society is divided into the children of light and the children of darkness, in which the workers, on one side, are all good, and capitalists, on the other side, are all wicked, and between the two there is an irrepressible conflict with no possibility of compromise and in which there is nothing to do but to go on to Armageddon and the smashing of wicked capitalists and then the age of light will be ushered in. Then there is the quite different argument, the Fabian argument, which says that on the contrary the capitalist system is a phase which, with the passage of time and for a variety of reasons, has largely lost its relevance and that now we are coming to a new sort of society in which not only does capitalism in the old sense not work any more, but in which also it is not even to the interests of the great majority of people who would have been capitalists in a previous dispensation to preserve it, but it is in their interest to come over and work for the Socialist State and a variety of reasons is given why this new state should come into existence.

We have moved into a world where, for technological reasons, we have much larger units of production and in which investment comes from a much larger number of people in a more indirect form and for that reason we have a divorce between ownership and management. In the old days the factory was owned by a single man who lived by it and ran it himself, but that has passed away and, quite apart from the Socialist case, we have come to a new sort of world where there is a divorce between ownership and management and where the incentives and advantages are by no means as exclusively monetary as they were in Victorian days, a new sort of world in which it is very much harder to make a fortune than it used to be because of the level of taxation and so on and in which, because of social services, it is very much less necessary to pile up a fortune.

For these reasons, and others, with great plausibility the wiser among Socialist apologists appeal to the bourgeoisie and middle classes and say, "Come over into Macedonia and anyway vote for us, if you can get no further. Join in building the Socialist State, which is the State of the future." Perfectly reasonably the wiser among the Socialists wish for the support of the votes of as many as they can get of the middle classes and they also wish to use the administrative ability which is at present in the people of education because they realise that they need all the administrative ability they can get. There is no room for both ideas. Those two sorts of language cannot be used together. The Socialist Party must make up their mind on the sort of Socialism at which they are aiming.

Naturally, we on this side of the House do not expect, nor pretend to expect, that the Socialist experiment will come to a successful conclusion in any event, because we are not convinced by the Socialist argument, but even on Socialist premises the experiment cannot possibly come to a successful conclusion as long as Socialists are trying at one and the same time to do two quite opposite and different things and use two quite opposite and different languages. We have that in the works of Karl Marx himself at one end of the road and at the other in this House one language is used and sometimes the other in the same speech. We get it day after day. We had it in the speech today by the hon. Member for North Bristol (Mr. Coldrick) and we have it every day in this House and can find cases where in one part of his speech a Member is talking of the desirability of community consciousness and everyone pulling together and in another of how the workers have an implicit belief that the more they put into their work the more capitalists will get out of it. They must make up their minds in which they believe, and, if they have that implicit belief, why they have it.

The capitalist system we have had in the last 50 or 70 years has been in many ways perhaps an unlovely system, and whether it has made life more gracious or not may be debateable. One thing capitalism has certainly done, it has raised the standard of workers incomparably more than it had been previously raised in the whole of recorded history. That

does not mean that everything is beautiful in the world and that there is not a new situation demanding remedies which were irrelevant years ago, but we must start from a basis of talking sense and truth. It is difficult enough to arrive at the right conclusions if we do that, but we cannot hope to arrive at the right conclusions if we start from the basis of nonsense.

1.20 p.m.

Mr. John McKay (Wallsend) I am glad to have the opportunity of speaking in this Debate. I was expecting the hon. Member for Devizes (Mr. Hollis) to offer arguments a little more clearly so that we could better understand them. I tried very hard to get at what the hon. Member was attempting to indicate, but it was very difficult. One thing which he tried to elaborate was that under Socialism we would have a stereotyped method of production and that the system which was adopted in one industry would of necessity have to be adopted in another.

Mr. Hollis Is the hon. Member referring to me? I did not say anything of the kind.

Mr. McKay What did the hon. Member say? I wondered what he did say. That was my difficulty.

Mr. Hollis I do not think that I would be allowed to repeat my speech.

Mr. McKay It was difficult to understand what the hon. Member meant. He was attempting to imply some great criticism of the idea of Socialism which the Government are implementing. He did not make it clear what his criticism was. Therefore, it is difficult to criticise his speech at all except on the particular line that I have attempted to do so.

There is an outstanding thing about what the Socialist movement stands for, and I fully expect the hon. Member for Devizes would also stand for the principles and ideals of Socialism in this respect. After all, if we want people to have the right incentive in their activities in the productive world, if they are to have a moral force which is greater and better than mere private individual profit, if we want that ideal to prevail in the minds of men, it has to be encouraged by the introduction of a system which tends to weaken the individual incentive from the point of view of private profit, and which limits the activities wherein men can use their brains and ability for their own individual advantage. The aim must be to create a system of such a character that while people are encouraged to use their abilities they will, if they have any moral quality at all, use them for the benefit of the people instead of for private profit and private ideals. That is the whole foundation of the Socialist idea and it is one of the arguments by which people gradually come to believe in it—that it will encourage a better spirit in the country and that it provides as an incentive higher ideals because we want ultimately to produce a better society.

The criticism has been developed by the Opposition in this Debate that the Government are playing a purely party game. Is that not a curious thing to say? We go to the country under the party system and ask for the support of the people on a party basis. Is it remarkable, therefore, if in the course of our work in this House we intend to implement the principles of our party? Surely not. Surely that is to be expected, and of course that is being done in various ways. The main criticism at the moment is that at this particular juncture the Government of the day are introducing by as speedy means as possible a given principle.

The question, then, is not whether it is a party issue but whether the principle itself is right. That being the thing that matters, the position is that we are attempting to implement not absolutely but to a greater degree than has been the case in the past what the Leader of the Opposition has so much prated about in the past few months. We are attempting to "set the people free," not exactly in the way that the Leader of the Opposition would set them free, but free in the sense of the basic proposition that as a people they are the power in the country and that when they decide an issue, by voting in favour of given principles and policies, they should have the power as a people to implement

their decisions without having above them another body of people who have risen there because of the hereditary principle.

That body may be composed of wise men or otherwise; they may or may not have the good of the people at heart. The point is that there is in this country today an instrument that does not stand for democracy in any shape or form. It has not the quality of democracy in any respect. Because it has not the quality of democracy, because it is not representative of the people, we stand against it. Secondly, we stand against it because the body about which I am speaking exercises a power which we in the Socialist movement believe that no hereditary body ought to have. If for the benefit of the country, from a long political viewpoint, it is thought that a Second Chamber is a necessity to act as a counterbalance for an extraordinary wave of feeling at a particular time, let it be so, but when we agree to that Second Chamber let it have a democratic basis, let it be composed in such a way that it is really representative of the people, and that its Members have the support of the people, not of a party.

The people are the nation and the nation decides the policy of the nation. It decides the composition of the body of people who are to try to implement that policy. Whatever the composition of the Second Chamber may be is something for the future to decide. What we are attempting to do today is merely to implement the point that in theory, in morality, in all right-thinking politics today, we believe in democracy. That is one of the things for which we are supposed to stand in the West; that is the difference which exists between the West and the East. It is one of the fundamentals which is likely to lead to international tragedy, and while it may be a tragedy there are some things for which we have to stand. Are religious liberty and economic and political liberty worth having? Are any of these things really vital? If so, then we have to stand for them, and to the same extent as we stand for religious liberty and democracy we as a party have gradually, if not quickly and immediately, to bring about a real democracy, and to wipe away the hereditary instrument which has now passed and is getting out of date. That is our position.

Many things have been introduced into this Debate; the question of coal, the question of nationalisation in general and the implication that we were getting into a mess through nationalisation. Where is the mess? Can the hon. Member for Devizes point to anything specific? The right hon. Member for Saffron Walden (Mr. R. A. Butler) mentioned coal in his critical speech. He did not go very far with it. He simply gave us a comparison of productive power in the mines in America and the mines in Britain, the direct productivity in the mines in America being equivalent to about 72 men against 26 men in this country, compared with the total employed.

Could he not have made a similar comparison before the Labour Government was elected? Of course, he could. There is no question about that. There is an indication of the general attitude of trying to attack the work done by this House in the last few years. There is no mess in the coal industry today. It is going ahead. Plans are being made. I was at the Lynemouth pit, one of the Ashington Company's pits, where they are Americanising one particular seam. How have they done that so quickly? Because it is a special seam, a very thick seam, and they can introduce the new methods, such as cutting machines following on at the same time and so forth. But that cannot be done generally. It is an impossibility.

The whole geographical position in America is different from this country. What can be done in America cannot always be done so quickly here. We are attempting to do it, and we have done it at Ashington. What is the result of this new method of production in this particular seam? The manager admitted that the cost of production was tremendously less. He admitted that the number of men required to produce a given output was much less. He admitted that the number of accidents among the men employed was much less and that the capital expenditure required per ton of coal was much less. In other words, in this particular seam the new methods of production can be utilised, as in America.

But many mechanical methods in America could have been introduced into this country years ago. Why were they not? Because we had private enterprise. And what did we have under private enterprise? We had different districts and

different owners competing against one another, and when there was difficulty in the markets they forced down the rates of wages and reduced them to a standard where the men could scarcely live. The Opposition are out to protect that system. They are out to protect privilege. This party is not out to protect privilege but to democratise education, economy, business ability and many other things. That is its aim and purpose. It may be slow but it is going on. I certainly advocate it and I always will do so.

We have talked about the international position and the critical situation in which we find ourselves, and the difficulties in India, for which we are not now responsible. The Opposition have tried to make the difficulties in India the responsibility of the Government. The Conservative Party differ in their opinion. Some Members are mad for the Government to interfere in some way and use their influence as effectively as possible over the question of Hyderabad. The Deputy Leader of the Opposition has put one point of view and some of the Members of his party have put another. The Deputy Leader of the Opposition says he does not want to take sides. He admits that it is a difficult thing, and that we have to be careful. Other hon. Members wish us to take an active part in the situation, and there is an attempt at ridicule because the Foreign Secretary has not come right out in a given position. Critical as the international position is, is it a matter of policy for this country at this serious juncture perhaps to antagonise any party or any Government in India today? It is not. To my mind the Government are taking the right course. While it is something we deplore and wish to avoid, and while we want to encourage any movement or policy that will result in peace between the two disputants, nevertheless it is not the responsibility of this Government.

The right hon. Member for Warwick and Leamington (Mr. Eden) himself has admitted that each party wants a plebiscite. If each party agrees to that principle, how is it that a dispute arises? He admits that the Dominion of India and Hyderabad are expected to be governed by a Standstill Agreement. We have those two things operating but not being exercised. The question is, who is responsible for breaking down the standstill arrangement? Who is responsible for the plebiscite not being implemented? Is the Government of Hyderabad the culprit? It is an unknown quantity at the present time. Therefore, why should we step out of our way to imply that one party is wrong rather than the other? The Foreign Secretary has said that if the matter goes to the Security Council, they will hear all the facts and obtain all the information possible and then they will try to solve the problem and help the influences working for peace in India and the influences attempting to obtain peace elsewhere.

These things are matters of serious consequence. It is not this party which is attempting to put party politics above all these other matters of serious moment; it is the party opposite. While we are still fighting our way through these critical times and facing up to questions which might have very serious consequences, we find that the party line is being taken by the party opposite. To my mind, such criticisms that have been developed during the past two days have been very weak indeed. The Chancellor's announcement of our improved position was met with cheers from this side, but on the other side of the House there was silence. The Chancellor reported a great national achievement which was greatly to the good of the country at large, but it was received with silence on the other side. We have silence on one side and enthusiasm on the other, which I thought was indicative of the national position. There should have been enthusiasm on both sides of the House. Our country is making headway, we are closing the gap and the Labour Government are doing well. Let us look forward to the future and put all our strength and ability into the task of still further improving our country's situation.

1.42 p.m.

Colonel J. R. H. Hutchison (Glasgow, Central) It is a curious commentary that the shorter the Speech from the Throne the more subjects appear to be introduced and ranged over in the course of the Debate that follows, and, if there is one hon. Member with whom I have considerable sympathy it is the right hon. Gentleman who is going to reply to this Debate, because, out of the macedoine of topics which has been served up to him one can scarcely imagine that he will be able to reply to very many.

From the speech of the hon. Member for Wallsend (Mr. McKay) there seemed to me to emerge three points, interspersed with a good deal of bitterness that any Member of a party which opposed his policy should ever speak in a party vein, yet also interspersed with party points from his own side. The first of these three themes was the visionary idea that if there could be introduced into human nature a situation in which private profit no longer counted, it would be better. If that was possible, I should be at one with him. If we could reform human nature and get people to work for more noble motives than they do now, how greatly would the face of the world be changed. The hon. Member did not say how far this idea had been introduced and had succeeded in Russia, where the contrast between rich and poor is probably as great today as it was in the times of the Czar.

The second theme which the hon. Gentleman introduced was that the reassembly of this House in order to reduce the powers of the House of Lords was a great and democratic measure. It is a curious commentary that, in all these years in which we have been fighting for democracy, in which hon. Members on both sides of this House have taken part in the two wars which we have fought for the preservation of democracy, that it is only today, when the Government are seeking to cripple the powers of the House of Lords in order to facilitate the steel nationalisation that we have discovered that, in all these years, we have not been a democracy at all. It is putting an untrue gloss and façade on the whole situation to pretend that the country has suddenly risen in its wrath and said: "We have never been a democratic nation, and, not until we cut down the powers of the House of Lords, will we ever be a true democracy." That is all nonsense, and is but a façade which, against the facts of the present situation, shows a very great lack of a sense of values in that we should have been drawn into this position at this time, when so many events of world importance are making our difficulties greater, the Government choose to introduce this purely party Measure.

The third point which emerged from the hon. Member's speech was in his question, "Where is the mess?" Not only did he ask that question, but, in a typical contribution by the hon. and gallant Member for North Portsmouth (Major Bruce), hon. Members on this side were accused of having gloomy faces when the Chancellor of the Exchequer made his admirable speech yesterday, and with not receiving in smiles the partially comforting things which the Chancellor had to say. Both hon. Members said that we were only interested in the failure of this country and had no sort of concern about its success. I am at a disadvantage in not being able to see the faces of my colleagues, and at a further disadvantage of being able to see the countenances of hon. Members opposite, and I do not know whether my hon. Friends were smiling or not. But is there really very much to smile about? Let us admit that there is an improvement.

We were also accused by the hon. and gallant Member for North Portsmouth in his vitriolic speech of always making capital when things were going badly and of slurring over and even being despondent when things were going well. The hon. and gallant Gentleman said he never heard speeches from this side giving credit where it was due, but what he said had been already disproved by my hon. Friend who spoke earlier—in the admirable speech of the hon. Member for Bucklow (Mr. Shepherd). I think my hon. Friend pointed out that a great deal of what was wrong now was not the Government's fault, but the fault of the war. It is the unbalance of trade conditions, but there are a great many other things superimposed upon it which we can control. It is no good our arguing in this House and in the country about things over which we have no control and over events the course of which we can in no wise change. What we are here for is to try to put right the things over which we have control, and it is to those things that I would like to draw attention.

I suppose we are entitled to take some satisfaction from the fact that the patient whom we have been nursing now finds that his temperature has fallen from 105 to 104, for that is the position in which this country is placed at the present time. It is still very sick, and if we had gone into paroxysms of delight on finding that the temperature had fallen to 104, we should have been guilty of a lack of sense of proportion. That is the condition of which the Chancellor has told us, but how uncomfortable the patient still is! He is still controlled and his diet is extremely limited. He is still getting far too many infusions of blood in the form of E.R.P. dollars, and, when he comes to look at the account which will be presented to him for his cure, he will find that his financial position is completely shattered.

So let us not lose our sense of proportion in this matter. Let us admit that our situation is greatly improved over that of the previous year, which was truly catastrophic, but do not let us imagine, as the hon. Member who spoke last has suggested, that there is no mess at all. That is a fantastic frame of mind which we too often see controlling the thoughts of hon. Members opposite.

I remember the hon. Member for Devonport (Mr. Foot) in the last Session taking pride in pointing out that production in this country was greater than it had ever been before, and, indeed, the hon. and gallant Member for North Portsmouth has emphasised that. I intervened at that time to ask the hon. Member for Devonport if he would point out also that it was taking many more people in employment to produce that record production. I was greeted with ironical, nay, ecstatic cheers, and laughter from hon. Members opposite, who evidently thought that it was really a splendid situation to find an hon. Member on these benches pointing out that there were more people in employment than ever before, but, thereby, they showed their complete and utter lack of realisation of the problems which confronts us. It is not the numbers in employment or the total production that matters; it is the production per man which, in the long run, is going to count. We hear a great deal about the shortage of manpower. That is not the problem with which this country is confronted; it is the shortage of output per man.

Let us analyse the position if we can, and see how far it can be improved upon. I do not belong to the school which believes that all the fault lies with the worker; a lot of contributory causes play their part in the matter. But it is a curious commentary that, whereas the output per man throughout the country generally has almost certainly not risen as compared with before the war, in certain industries we find the output per man much increased, and, in others, very much reduced. Steel, for example, has increased its output per man by something like 30 per cent.; coal and building, on the other hand, have both gone down. The more one examines it, the more it appears that the nearer the hand of Government comes to industry and to its control the poorer the output per man becomes.

Tributes have been paid today—and let me acknowledge them—to the general efforts which have been made by the workers and all sections of the community in order to get the country on to its feet again. But they are patchy. In some cases they are definitely good, in others they are definitely bad. One of the bad spots is the coal industry. What, for example, is the situation in coal? We find that, in spite of mechanisation which has been introduced in very large quantities into the coalmines, the output per man, as compared with before the war, is down. Before he left the Coal Board, Sir Charles Reid pointed out that if the mechanisation introduced into the coalmines had produced the increased output which might have been expected, the output per man would not be 1.1 tons per man shift, but 1.27. He indicated that something was very wrong in the output per man in the mines. Sometimes, one is forced to wonder whether the miners are trying. I dare say that when the Minister of Fuel and Power puts that question to himself, he may mutter under his breath, "Yes, very."

What about management? In a recent speech at Margate, the Chancellor of the Exchequer tended to concentrate on the question of management. I do not pretend that management is perfect. Of course it is not, but it is certainly no worse than before the war. Therefore, the reduction in output per man overall in the country, or, at any rate, the lack of increase per man overall, cannot be attributed to a definite falling off in management. Let us admit that management can be improved, but that is not one of the contributory causes of the situation at the present time.

Now about machinery. This is a problem which has also been recognised by the Chancellor and which is being generally recognised throughout the country as fundamental to the whole conception of putting our industry on its feet again. The renewals needed throughout industry are very great. Modernisation of plant needed is very great, and yet we have depreciation allowances under the present taxation system which make it impossible, however prudent a concern may be and however much industry may accumulate reserves, ever to be able to purchase out of them the plant it needs to replace that which is worn out. Prices have gone up astronomically. The obsolescence allowances under the present taxation system will never allow, even when they have been accumulated to the end of the life of a

particular machine, of there being enough money for its replacement at today's prices. The situation is even more aggravated in France, but there they have recognised the difficulty and allowed the written down values of machinery throughout the country to be written up to a point where the depreciation allowance upon that written up value will ultimately produce enough money for new machinery to be installed. Sooner or later this complicated, but desperately important, question of obsolescence will have to be faced by the Government. At the present time it is impossible for British industry to modernise itself with taxation at its present level.

My right hon. and learned Friend the Member for Hillhead (Mr. J. S. C. Reid)—I believe most hon. Members will be glad to see he has been promoted, but will be sorry to see him leave our Debates—said last Session that we were eating the Argentine railways. He then asked what we were going to live off next year. I can tell him. Next year, and for so long as the depreciation system of taxation in industry in this country is not revised, we are going to feed off our capital investments; we are going literally to eat our ships, our cranes and our plant.

One other contributory factor to this lack of output per man is Government control. No one sitting on these benches pretends that all controls can go. I think it was the hon. Member for North Cumberland (Mr. W. Roberts) who said that it was impossible to find out what we as a party thought about control. He has only to read the Industrial Charter. It is a perfectly simple proposition, but, so long as hon. Members do not read that Charter, they will not know what our system of controls is. Our conception of controls is that the State should exercise a high-level control over foreign exchange and money going out of the country, but that other industrial controls should be left to industry. That means to say that there would be one flat high-level control which would control all that we virtually require to control in this country, and that the country would then be left to get on with its own industry. It is a perfectly simple and workable situation. Hon. Members opposite should really study what we as a party think and have published on the subject before they accuse us of having no policy. A great many controls, not all, could go, but a great many of the delays and the lack of dovetailing—

Mr. Tolley (Kidderminster) Would the hon. and gallant Gentleman, at this important stage of his argument, give the House a list of the controls which he would immediately abolish?

Colonel Hutchison The hon. Member can find that out for himself—it is every control except that over foreign exchange. These industrial controls which play such a delaying part in the life of the country at the present time, and which bring about a lack of dovetailing between the Government Departments have a most stultifying effect on the industry of the country, and, consequently, on the output per man.

As an example of what I mean, I should like to give the House particulars of something which came to my attention the other day in connection with some hydro-electric plant in Scotland. The contractor concerned was in great need of special tractors with which to move material. He wanted four tractors, and knew where they could be obtained. In June, he wrote to the Ministry of Works and said that he knew where he could get four tractors, and asked permission to have them. After a suitable delay, the Ministry replied offering him some others. A representative was sent down to see them, but they were found to be unsuitable. Once again the contractor wrote to the Ministry saying they were unsuitable and repeating his request to be allowed to have those which he had originally indicated. To this day he has not received them; they are still where they were. That represents a shortage of tractors over a period of three or four months and the holding up of material for which men are waiting in order to manufacture it into cement, concrete, or whatever it is which is going to produce that hydro-electric scheme. That sort of thing is a contributory cause of the lack of output per man at the present time, and the sooner the Government can get rid of these controls and follow the advice which we gave them, the sooner will the country start to recover its output per man.

I now wish to touch for a moment on a most revealing document published quite recently for the National Institute of Economic and Social Research by Dr. Rostas. This document compares the output per man in the United States with the output per man in Great Britain. He took two years to accumulate these figures, which apply to the years 1935—

1939. The report covers 32 industries, or about half the industrial output of Great Britain, and includes consumption and capital goods in both countries. He shows first of all that the worker in Great Britain works 27 per cent. more time than the worker in the United States of America and, making allowances for that, he comes to the conclusion that the output per man per hour in the United States was 2.8 per cent. higher over all industry than it was in Great Britain.

I am not prepared to accept those figures straight away. One must compare like with like. Of course, there is great mass production in the United States. Some people have said that mass production is not suitable to Great Britain. I do not altogether agree with that. There are certain trades which would benefit. But there are certain trades which must rely upon a higher quality, and consequently the output per man would be less. There are certain types of article which we supply and which differ from those in the United States. There are a number of discounts to be deducted from that 2.8 per cent., but once all these allowances have been made, we are still left with a terrific difference between the output per man in Britain as compared with the output per man in the United States of America.

For example, in machinery, a man produces three and a half times more in America than he does in Britain, in the brewing trade three times, radio sets four times; the only trade in which we show up better in this country than in the United States, out of the 32 industries which are dealt with in this report, is that of fish curing. It is an activity with which my country is very closely concerned, but nobody can pretend that the success or failure of the economy of this country will turn exclusively upon fish curing. The list covers cotton spinning, paper making, linoleum, pig iron and so forth.

I have tried to show what I think are the contributory causes of the lack of output per man hour. They are very well summarised in the Report published the other day by the working party on the turn-round of shipping in this country. They consist, first of all, of poor plant which needs renovation, which turns on taxation; methods, which turn on management; restrictive practices and ca' canny. The teaching of that trinity of false prophets, the Ministers of Food and Health and the Secretary of State for War has gone deep. I know the Government are now trying to reverse it but a machine never goes as fast in reverse as it does in the forward speeds. That is really the trouble which they are up against at present. They are trying to exhort production, they are trying to bring about an export trade, and they are trying to unlearn the teaching of those three Ministers.

Now we see that the lady who was President at the Trades Union Congress says that the workers are irritated and bored with all these exhortations. Perhaps that is so. There are many things to which we have to listen which irritate us, and many more which bore us, but a man is certainly lost if he cannot listen to bad news as well as good.

Mr. Ungood-Thomas (Llandaff and Barry). And good news as well as bad.

Colonel Hutchison I have tried to show that we on this side of the House have recognised that there is a measure of good news just as there has been a measure of bad news. I confess that I can understand that constant exhortations eventually become boring, but that is the course which the Government are taking. They send their big guns round the country, exhorting and encouraging, and the lady to whom I referred might have gone on to say, "The bigger the gun, the greater the bore."

Those are all the factors which the Government must face. They have got to face the question of a reverse of attitude of mind—the sort of attitude of mind which the hon. Member for Wallsend has exhibited—that anything which makes a profit is automatically bad. They have got to reverse the present position of penal taxation in this country. They have got to release industry from many of the controls with which it is cluttered up, for if they do not take all these steps we shall certainly be heading for catastrophe.

2.5 p.m.

Mr. Ronald Mackay (Hull, North-West) I would have liked to follow the remarks of the hon. and gallant Member for Central Glasgow (Colonel Hutchison) and, examine them point by point, if only there had been more time. However, I wish to recall one statement which he made, and with which no doubt the right hon. Member for Bromley (Mr. H. Macmillan) will deal and perhaps confirm, namely, that the Conservative Opposition desire to get rid of all controls except in foreign exchange.

Mr. H. Macmillan I will send the hon. Member a copy of the Charter.

Mr. Mackay I am not arguing that that is what the Industrial Charter says. I know it does not say so, because I have read it, but that is what the hon. and gallant Member said. I think it is time that this was nailed down, because, like the hon. Member for North Cumberland (Mr. W. Roberts), last night I went away in a complete whirl as to which controls the Conservative Party wanted to get rid of. This is something which must be made clear. Obviously there are controls which can be criticised and there are others which cannot be criticised, but this general statement from time to time leaves us in no position to judge where the Opposition stands.

Colonel Hutchison I said that the system of controls as advocated by our party was clearly stated in the Industrial Charter and that the hon. Gentleman had only to read the Industrial Charter and he would find the answer therein.

Mr. Mackay I do not deny that that is what the hon. and gallant Gentleman said. All I said was that when the hon. and gallant Gentleman was asked which controls he would abolish, he said he would abolish all controls except in foreign exchange. If that is the view of the Tory Party, then I am delighted that we have had this Debate, because we have got that on the record, if nothing else.

I want to come back to the speeches that were made at the beginning of today's Debate, particularly the speeches of the hon. Member for Bucklow (Mr. Shepherd) and my hon. and gallant Friend the Member for North Portsmouth (Major Bruce), who dealt with the whole problem of the changed economic position in which this country finds itself. They were very interesting speeches. I would make one criticism of the speech of the hon. Member for Bucklow. While agreeing with all that he said with regard to allaying the position I noticed that when he came to the whole problem and said that our export market was contracting, that the terms of trade were against us and would continue to be against us and that he saw no hope of making our external balance better, he refused to take the hurdle which has got to be jumped. If these things are proved, there is every argument for the sort of case which many of us have been putting for a long time and which the Foreign Secretary stated many years ago, namely, that there is need to extend the area in which this country can trade.

I would remind hon. Members that today there is steel in Brussels which this country cannot buy because we have no Belgian francs; there are textiles in this country which the Swedes wish to buy but which they cannot buy because they have no sterling; there is tobacco in Greece and Turkey which we could have if we only had the foreign exchange with which to buy it; from my own experience I know there is plenty of fruit and vegetables in Italy which again we cannot get because we have not got the lira with which to buy it. We are spending about £50 millions of E.R.P. money on rolling stock which could be made in Sweden, Switzerland or Britain, but which, if made in those countries, not one of the countries would be able to buy it, so we are buying it from America.

If we take the matter a stage further, a large part of what we are getting in E.R.P. in the current year is stuff which we would normally get from Europe and particularly from Germany, if only European trade and German production were allowed to develop to its full capacity. When we look at the matter in this light, it becomes apparent that until we devise some real means of trying to improve the economic position of Europe, which involves the political structure of Europe in order that the economic position can improve, we shall not make any real step towards getting the recovery which even E.R.P. is expected to give us.

May I quote the remarks of an American correspondent from a passage he wrote recently when the Foreign Ministers went to the Hague? He said: "On the Etoile du Nord,' the international luxury express which makes a daily Paris-Brussels-Amsterdam run, they had to show their passports, railroad tickets or cash sixteen times to sixteen different officials in the three countries. At a Dutch border town the train was held up for an hour while inspectors made sure the passengers had not bought too many U.S. cigarettes during the 20-minute stop at Brussels. In France the delegates could lunch on the train and pay in French francs. In Belgium a little later they could eat the same lunch, but the Belgian rate of exchange made the meal cost three times as much. If a delegate had a cup of coffee while the train was in France, he got one lump of sugar. In Belgium, he could have two lumps. In the Netherlands he got as much sugar as he liked—not because the Dutch have more sugar, but because they have a different tourist policy. No doubt the conferences had weightier matters than lumps of sugar to discuss, but the sugar symbolised how little progress toward real unity their five nations had made since signing the Brussels Pact last March. In four months Western Union had gone a little way toward military integration, but hardly a step toward economic or political unity." This is the point which I wish to try to make in dealing with what the Foreign Secretary said the other day, and particularly what he said about the conference at Interlaken in which 200 Members of Parliament took part. I am not suggesting that it was a representative assembly; it was not. Different Members of Parliament from different countries had different views on different subjects, but at any rate they met there to consider concrete problems, and one was how to get a common currency for Europe. If a common currency for Europe could be brought about in the next 12 months, it would do more to stimulate trade in Europe than almost anything else we could do. If we could get rid of the import quotas which stop trade between European countries, that would make a second great step towards achieving European recovery and towards increasing considerably trade and production in Europe.

The Foreign Secretary dealt with these matters and, after all, the Foreign Secretary has probably been a supporter of the idea of European union for longer than most people, for he advocated it many years ago at a Trade Union Congress. What I am saying now is not a criticism of him, but I am trying to explore the way in which this union can be brought about. That is the problem which confronts our minds. Dealing with the Interlaken proposals, the Foreign Secretary said that a lot of them were examined and did not stand the test of examination, and he referred particularly to the fact that overseas territories were to be given away. I ask him to look at the proposals again, because that is absolutely incorrect.

The Interlaken proposals provide specifically that the problem of overseas territories is a difficult problem for people in our present state of development to consider; it is a matter to be examined in the future. It was left completely open. The Foreign Secretary suggested that there has been criticism because the Government were taking time to consult the Dominions. No criticism comes from Interlaken on that ground. The letter sent specifically said, "We understand that the British position is different from that of other countries in Europe. You are holding a Commonwealth Conference soon and we appreciate that no decision in this matter can be reached until that Conference is over."

I want to turn to other points which the Foreign Secretary made. These are all things which we have to face; they are not points on which anyone can be dogmatic. The first is that the Foreign Secretary said that we are struggling to establish Western Union on a sound edifice through O.E.E.C. and the Brussels Pact, and that we do not want to put the building up in the wrong manner—in other words, we do not want a European Assembly, because that would distract our attention from the work we are doing in this other practical form. I want to ask the Foreign Secretary to reconsider that, because I think we should have a European Assembly of representative Members of Parliament from the 17 countries co-operating in the Marshall Plan, even if it considered only the question of currency, the abolition of Customs barriers, and the question of defences. We must face the problem that no O.E.E.C. and no Brussels Pact will ever get a common currency for Europe. That depends upon a bank; that depends upon an Act of Parliament. Unless we face this problem of the transfer of power to a new State, to a new authority, even in a limited way, we do not really face the practical problem of getting free trade throughout Europe, which is what we require.

That is the first point I want to make. Like everybody else I am grateful that these organisations have been set up, such as the Paris Organisation, but a European Assembly to discuss the wider problems is not a contradiction of what is already going on and does not interfere with the people working under the Brussels Pact. If we could get a European Assembly, I am quite certain that the people in all parts of the world, and particularly in this country, would be surprised by the enormous length to which the peoples in Europe have gone towards creating some kind of real European union.

The second point I wish to make—I wish to be brief; I know that another hon. Member wishes to speak—is that we were criticised by the Foreign Secretary, quite kindly and gently, in his speech the other day when he suggested that this business of getting a constitution is not a way of solving this problem. But this matter has to be faced and I do not think it is being faced by a lot of people who are discussing Western Union in a vague way today. At the Hague Conference, Western Union was discussed in general terms. People examined the idea. But once we have passed that stage we have to think, what does it mean? If we mean a union, that means a joining together of people. After all, the Paris Agreement provides a constitution for the O.E.E.C.; a document does specify that composition and the people in charge of the work, and they are to meet. In fact, there cannot be an agreement between a number of people which is not reduced to some form of document. If we are to consider European Union, we must decide who are to be the partners in that union. At Interlaken we suggested a number, and in putting that into a constitution we are only defining something to clear our minds. If we are to have a union, that means a government of some kind, the organisation of a government, with a legislative and an executive. We made suggestions about it.

I think it is completely dishonest for people to talk about the idea, to say they want to get some kind of United States of Europe, and yet not to face the fact that if they are to do that, they must, in doing it, draw up some kind of document which defines the rights of the different States, the organisation of government, and lays down the conditions in which political authority is to be agreed. I suggest to hon. Members, that at a time when we are facing our difficult economic position here, we must realise that the way out of our economic difficulties depends upon the closer integration of this country with Europe, together with our own overseas territories.

We must realise that in this present period the political institutions which we have are completely out-of-date to meet the needs and economic requirements of Europe. The political institutions are out of date in the sense that we cannot have 17 to 25 independent sovereign States in a space like Europe with frontiers which prevent trade recovery—which is happening today. We cannot solve the German problem until we have integrated it into some kind of Western Union. Therefore, political institutions need to be in keeping with economic requirements and, in all fairness to ourselves and to the people of this country and others, we must face the simple fact that until we create some kind of authority in Europe to deal with these troubles, we are not removing the troubles. The best way to tackle this problem, the best way to solve this problem, is to convene a European Assembly with representative Members of Parliament, so that the whole matter can be fully explored and fully discussed.

2.19 p.m.

Mr. Selwyn Lloyd (Wirral) I agree with a good deal of what was said by the hon. Member for North-West Hull (Mr. R. Mackay) and I think all those who listened to his speech will agree that it was extremely interesting. I want to thank him for his courtesy in curtailing his remarks so that I might be able to speak.

I do not wish to embark on the broad flood of the economic discussion which has taken place, but rather to deal with two specific matters. First, I would like to deal with the remarks of the hon. Lady the Member for the Exchange Division of Liverpool (Mrs. Braddock), who I see in her place on the other side of the House. There are three points I wish to make in regard to what she said. First of all, she made an attack on the Leader of the Conservative Party on the Liverpool City Council and she seemed to make allegations against him which, I must say, I personally thought would have been very much better made in a place unprotected by Privilege. Alderman Shennon is well capable of taking

care of himself; and to conduct this sort of smear campaign protected by Privilege is the last refuge of a party which was so smashingly defeated in the last municipal elections in Liverpool in November, 1947.

My second comment on what the hon. Lady said is with regard to the record of development in Liverpool. The President of the Board of Trade is not in his place, but he knows the facts about that situation and, in my submission, the record of development in Liverpool, undertaken by the Liverpool City Council under its special powers, certainly equals the record of development in any other Development Area. The limiting factor, as the President would agree if he were here, has been the control and limitations imposed by him—limitations which have been imposed on new buildings and new developments.

The third matter with which I wish to deal—and here I hope not to be particularly controversial—is with regard to the situation on South Merseyside, in which I am interested, and where we also have a hard core of unemployment. We have tried to tackle that matter on a non-party basis. The Industrial Development Committee there consists of Members of all parties, and the hon. and learned Member for East Birkenhead (Sir F. Soskice) and the hon. Member for West Birkenhead (Mr. Collick) and myself have constantly attended its meetings.

I cannot speak for the Committee or for other Members because I have not consulted them, but I must put on record my profound disappointment at the amount of assistance which we have received from the Government in introducing new industries into Birkenhead. A few days ago, I received a resolution from the Birkenhead Chamber of Commerce to the same effect. I hope that note will be taken of that fact and that something will be done to assist Birkenhead to cease to be a one-industry town, which it has been for so long.

Mrs. Braddock Did the hon. and learned Gentleman see the comment from the Birkenhead Chamber of Commerce saying that they were disgusted that the Liverpool City Council would not agree to it being a Development Area, and that that decision has held up development on Merseyside?

Mr. Lloyd I do not want to go at too great a length into this local matter, but on the point of difference between us, we have always maintained that there is no reason why South Merseyside should not be a Development Area on its own, and North Merseyside, so far as Liverpool is concerned, retain its present powers which are those of a Development Area; there is no reason why Liverpool's special position should prevent the Government from scheduling South Merseyside as a Development Area.

With regard to the situation in Hyderabad, I think that it is right to tell hon. Members who have been in the House for some time, and who perhaps have not had an opportunity of seeing the tape machine recently, that there is a report from New Delhi that the Hyderabad Prime Minister has announced today that he is ordering a cease-fire from 5 p.m. this afternoon, according to a report on the Hyderabad radio, and that the Nizam has accepted the resignation of his cabinet. That fact, if it is a fact, does not alter the gravamen of what I have to say.

I wish to record my amazement and disgust at the way in which the House has been treated this week by the Government on that question. I raised the matter on 30th July on the Debate on the Adjournment. The circumstances then, as the House will remember, were of an almost total ruthless blockade by the larger State of the smaller State. It was a difficult and delicate situation, and one had some qualms about raising it. Many peoples feared that the next step after that blockade would be war. In fact, our fears have been shown to be justified. It seemed to me then that the only chance of averting war in Hyderabad was for the Government on 30th July to have made a clear statement of their position in the matter and of the way in which they would have regarded the outbreak of hostilities.

I agree with what the right hon. Member for Saffron Walden (Mr. R. A. Butler) has said, that this Government and particularly the Chancellor of the Exchequer have a peculiar influence with the Government of the Dominion of India. It would be very strange if that were not so. If it had not been for the efforts of the Chancellor of the Exchequer, I

think it would have been doubtful whether Pandit Nehru would be in a position to frame acts of aggression against anyone. All that was contributed to the House by the Prime Minister on 30th July was personal abuse of the right hon. Member for Woodford (Mr. Churchill), a defence at all points of the India Government vis-à-vis the Nizam's Government, and the tepid expression that he hoped that there would be no pressure on either side. That was a ridiculous statement to make when considering a small State blockaded by a large State, and the idea that the Nizam's Government would commit an act of aggression or bring pressure to bear against India is much the same as the idea of Abyssinia having committed acts of aggression against Italy, or Holland and Belgium against Hitler's Germany.

I believe that the Government's negative attitude on that occasion was an incitement to the Government of India to proceed; and just as the blood of many hundreds of thousands of men, women and children killed in the communal disorders lies on the hands of Members of this Government to a large extent owing to their arrangements for the transfer of power, so, I believe, the blood which has been shed in these recent hostilities also to some extent rests on the hands of Members of the Government, because I believe that they could, by a definite and resolute statement, have averted the hostilities which have taken place. [Interruption.] Whether I am agreed with or not, I do not greatly care, but I make that remark in all sincerity because I believe it to be true.

What are the facts, which I do not think can be disputed in any quarter of the House? There has been an armed invasion of the State of Hyderabad. We read in the newspapers of the advance of columns of tanks, guns and armoured cars, and we read today of the bombing and bitter fighting taking place there; and now it appears that there is to be unconditional surrender. What arises out of those facts? First of all, there is the point as to the merits. I have never expressed any opinion on the merits of the matters in dispute between the two Governments, and I do not think that many hon. Members on this side of the House have done so. Whatever the merits of the matters originally in dispute, our point is that in no circumstances was either party entitled to have recourse to war.

The second matter is the status of Hyderabad. Again, I suggest that under the present circumstances of warfare status in fact is irrelevant. Even if it is relevant, we have the Prime Minister's statement of 30th July in which he said that he agreed that Hyderabad is an independent State. He went on to say that that independence was qualified by the Standstill Agreement. I think that he was hardly frank in not revealing to the House that Article 4 of the Standstill Agreement itself provided that "any dispute arising out of this Agreement or agreements or arrangements hereby continued shall be referred to the arbitration of two arbitrators, one appointed by each of the parties, and an umpire appointed by those arbitrators." Even if Hyderabad's relations with India were governed by the Standstill Agreement, there was every possible provision in that Agreement for the reference of disputes under it to arbitrators and an umpire. In either case, in no circumstances was either party entitled to have recourse to war.

In all quarters of the House we stand for the rule of law in international affairs. We fought two wars for the principle that disputes between nations should not be settled by the method of war. During the past week we have had from the Government a statement by the Foreign Secretary that he regrets the warlike spirit being shown. It is not a question of a warlike spirit being shown, but a question of actual hostilities, and definite acts of war or aggression, or whatever one might like to call it. The right hon. Gentleman took refuge behind the fact that the matter had been referred to the Security Council, and some of us are not greatly surprised to find that the Security Council have now adjourned for four days. In other words, they adjourned to such a time when the resistance of Hyderabad would in all probability have ceased.

The hon. and learned Gentleman the Member for Northampton (Mr. Paget), in a significant interjection, implied that there was something to be said for a quick, vigorous, armed solution of a dispute between two parties of this sort. It is also very significant that not one single Member, so far as I am aware, on the benches opposite has raised a voice of protest against this recourse to war. The hon. Member for Wallsend (Mr. McKay) spoke not long ago on this matter and he said that no one should take sides. I should have thought it was not a question of taking sides on an issue as to

whether disputes shall be solved by war or not. I should have thought all Members of this House would have been on one side with regard to that matter. I believe myself that all decent people will utterly condemn the Government for its supine, spineless indifference to this breach of international morality. Their conduct has been such that they have been guilty of committing, as my right hon. Friend the Member for Woodford said on 30th July: "an act of shame with which their names would be burdened for generations which otherwise might not have paid attention to them."—[OFFICIAL REPORT, 30th July, 1948; Vol. 454 c. 1737.]”

2.32 p.m.

Mr. Emrys Hughes (South Ayrshire) There is something which rather appeals to me in the note that has been struck by the hon. and learned Member for Wirral (Mr. Selwyn Lloyd). I understand he objects to war in India between India and Hyderabad. I do not know whether he extends this hatred of, and opposition to, war to any other parts of the world.

Mr. Selwyn Lloyd My objection is to aggressive warfare. In my view the only circumstances in which warfare can be supported is if it is in defence of one's own nation or of another nation which has been attacked by an aggressor State.

Mr. Emrys Hughes Now the position is cleared up. The hon. and learned Member does not believe in aggressive war in India and he objects to the action taken against Hyderabad, but he is prepared to support the kind of war which leads to the dropping of atomic bombs. So far as Hyderabad is concerned, in one of the papers this week there was a very good cartoon by Low which sums up the whole situation. There was a picture of Nehru looking at troops being taken over the frontier of Hyderabad and behind him stood Gandhi, who was saying, "Not that way, my son." I endorse that not only in Hyderabad, but everywhere. When we get this deep-rooted opposition to war we shall begin to see the way out of the complexities of our international problems.

I wish to endorse what has been said in this Debate by my hon. Friend the Member for North-West Hull (Mr. R. Mackay). We in this House and the people of Europe generally owe a deep debt of gratitude to the hon. Member for North-West Hull for the way he organised the movement for European union and for the way he piloted the Interlaken Conference through all its complexities. It arrived at an international programme which I believe should receive the endorsement of people throughout Europe and also in America. I do not believe that we get that support from the Foreign Secretary. The "Manchester Guardian" put the matter quite clearly in its leading article when, in a reference to the Foreign Secretary's speech, it said: "What he—and the Foreign Office—has to get into his head is that there is throughout Europe a warm desire for some kind of British leadership, even if it be only in words and aspirations, and that injured innocence is no substitute." At Interlaken that mood was expressed by representatives of 13 European nations. We had an opportunity there of discussing with democrats from all parts of Europe whether the United States of Europe could take a practical form. Socialists were not the only people who were there. There were all kinds of democratic representatives at that conference. I sat next to a representative from Austria who for four years had been in Dachau. Before being in Dachau he was Minister of Education in Dr. Schuschnigg's Government. He expressed the deep desire of the people in that part of Europe to see a settlement apart from war. They do not wish to see their country made a battlefield in another war. That was the mood of other people, too. That conference was also notable because for the first time since the war the Germans were welcomed when they appeared.

The Foreign Secretary should get in touch with Socialist opinion in Europe and in Germany and hear what Socialists think of the tearing down of German factories and places where the homeless of Germany could be housed. Further we should not allow such buildings as hospitals to be pulled down at the same time, particularly when there are three generations of tuberculosis people living near one of these hospitals. I appeal to the Foreign Secretary to give his support to this movement for a United Europe in order that we may have an economic plan for the re-building of Europe's shattered war fabric and for tilling Europe's devastated fields as well as a movement for economic planning,

which will rally to its support all the democratic elements in Europe to prevent the catastrophe that is approaching if we are not prepared to plan and organise for peace instead of for war.

2.38 p.m.

Mr. Harold Macmillan (Bromley). We are now reaching the concluding stages of the Debate on the Royal Address. The Amendment which is in the name of my right hon. Friends and myself deals with the conduct of affairs by His Majesty's Government both at home and abroad. Before approaching the task which has been entrusted to me perhaps I may be allowed to pause for a moment in order to add my personal good wishes to the Prime Minister for his speedy recovery of health. It is one of the agreeable features of our political system that, with rare exceptions, we are able to carry on our controversies without personal rancour or ill-will. More than that, those of us who have had the good fortune to serve in a Government with the Prime Minister have a lively recollection of his invariable courtesy and loyalty. It is, therefore, no merely conventional or formal message that we wish to send to him. It is a sentiment of good will towards an old friend and former colleague.

It is indeed a strange Session on which we are now embarked. Arbitrarily summoned, it is soon to be arbitrarily dismissed. Opened with all the traditional pomp and circumstance, it is to be unceremoniously closed down as soon as it has done its dirty job. Parliament might properly have been recalled to deliberate upon the state of the nation and upon the state of the world. [An HON. MEMBER: "Which it has been doing."] Not by the wish of the Government which tried to curtail even the amount of days which are normally given on the King's Speech. It is a pretty grim outlook. The automatic Utopia promised so confidently in 1945 has begun to fade a little by 1948. Let us take first, abroad.

Mr. Sydney Silverman (Nelson and Colne). What about yesterday's speech?

Mr. Macmillan I shall come to that later on.

Mr. Silverman How long will that take?

Mr. Macmillan I shall deal in a shorter period with the Foreign Secretary's speech, which was a very bad one, than with the speech of the Chancellor of the Exchequer, which was a very good one. First, abroad. The Russian menace has succeeded to the German, the Communist to the Nazi. In spite of the brave words of the Atlantic Charter, the Baltic States have been annexed by Russia with all the usual miseries of the prison camp, and the liquidation of the intelligentsia and bourgeoisie. Part of Finland has been arbitrarily seized. The Bessarabian and Bukovic provinces of Roumania, Petsamo, Moldavia, Koenigsberg, the Carpatho-Ukraine, all these have passed into the Russian Empire. Two hundred and seventy-three thousand square miles and 24 million people have been annexed since September, 1939. I am not attributing the blame to the Western Powers or statesmen. I am just stating the facts.

Unlike Britain and the United States, Russia has sought and has secured territorial aggrandisement upon a vast scale. No regard whatever has been paid to the wishes of the people involved; no opportunity of any kind has been given to their desires or a chance to choose the Government under which they might wish to live. At the same time, as the House well knows, the other successor States, Poland, Czechoslovakia and Hungary, which were liberated as the result of the first world war, have all fallen victims to the new Communist imperialism. In the Balkans, Roumania and Bulgaria are Russian satellites. Yugoslavia makes some resistance, but I fear we cannot take much comfort from that internal and sectarian quarrel. Greece manfully struggles, but with her northern borders as a refuge and support to the rebels the civil war drags on. Meanwhile, in Germany we are only at the opening stages of a vast struggle, for the problem of Berlin, as we well know, is only a symptom and not the cause of the deep-rooted malady which poisons the world.

Let us look further West. Every Member of this House who has recently travelled in Western Europe, officially or unofficially, either to formal congresses or to informal gatherings, must be conscious of the strange sense of expectancy and tension that hangs across the whole Continent. Europe is poised at the crisis of her fate. She waits between hope and despair, and above all she waits for a lead.

The House listened with deep attention to that part of the speech of the Foreign Secretary which dealt with European co-operation. On reflection, I think he must regret the gibes at my right hon. Friend the Leader of the Opposition that were quite unworthy of him. It is easy to call a conference, he said, and to have the floodlights. I think the right hon. Gentleman has had quite enough floodlights in his life not to be seeking these. I suppose he was referring to that remarkable gathering at The Hague, boycotted by the majority, but not, to their credit, by all of the supporters of the Socialist Party. The hon. Member for North-West Hull (Mr. R. Mackay), whose valuable contribution we have just heard, is a notable example.

After all, the Foreign Secretary must remember that, considering his almost unbroken record of failure, he has had singularly generous treatment from the Opposition. I should have thought he would have paid a tribute to the immense assistance which he has received in his efforts towards European unity from my right hon. Friend the Leader of the Opposition, himself at once the greatest living Englishman and the greatest living European. Of course, there has been progress. We welcome that progress, but urgency is essential. The Foreign Secretary talked of the 11 years it took the Fathers of the American Constitution to work out their plans. I wish we could look forward with the same certainty to 11 years of security and isolation. We gladly recognise the steps which have been taken, particularly in the arrangements for handling Marshall Aid, to which the Foreign Secretary referred on Wednesday and on which the Chancellor of the Exchequer gave us further details yesterday. But we need something more.

As the hon. Member for South Ayrshire (Mr. Emrys Hughes) has just reminded us, Europe needs a common currency, a free movement of goods, with due regard, of course, to existing obligations and preferential arrangements of the participating countries. Europe needs a common policy for the development of her resources, rivers, water power, canals and the like, and for those of her Colonial dependencies. Europe needs some form of international as well as internal mobility of labour. It is a tragedy that we should be going into this winter with two and a half million Italians unemployed.

I believe the people of this country will have been deeply disappointed by the speech of the Foreign Secretary last Wednesday, but I am sure the people of free Europe will have been disappointed, too. In the Commonwealth and Empire, thank God, we have, and may still have, confidence and pride. We rejoice that an Imperial Conference is to meet at last—too late, but better late than never. In the Commonwealth, at least, there is none of that poisonous talk that unity depends on political and party uniformity. No one, not even the Chancellor of the Duchy of Lancaster, has been foolish enough to say that you can only have a united Empire if it is a Socialist Empire. But though what remains of the Empire is strong and cohesive, much has gone, leaving a terrible trail behind of misery and war. If Parliament had been re-assembled only for the purpose of a careful examination of the problem of Malaya, I could have understood that. A grave indictment was made of the Colonial Secretary which has not been answered. I understand that it is not to be answered today. These are what one might call the Fabian tactics of the right hon. Gentleman.

What of our defences? The Lord President's statement on Tuesday can clearly only be taken as an interim measure, for our total Services manpower today is only about half that which the Leader of the Opposition, with his unique experience, has steadily and consistently asked for over the last three years. The Foreign Secretary was either misinformed, or did not understand the position which my right hon. Friend had consistently adopted. Our whole defence system must obviously be remodelled if the international tension lasts—and who supposes that it will be suddenly relaxed? We shall, no doubt, hear more about defence next week from the Minister of Defence—not that I take much comfort from that. We know, of course, that he will put forward his policy with strength and resolution; we

know he will give all the outward appearance of firmness of decision and inflexibility of purpose. But we also know that at the first signs of mutiny of opposition he will haul down his flag, and surrender out of hand. For this old sea dog, in nailing his colours to the mast, invariably takes the precaution of having the mast sawn through, so that it can conveniently collapse, colours and all, under the slightest pressure. I think the Foreign Secretary must have had the Minister of Defence in mind when he produced that remarkable aphorism on Wednesday: "I know we run like hell under a threat, but we are a bit slow when the threat is not there."—[OFFICIAL REPORT, 15th September, 1948; Vol. 456, c. 97.] I am quite sure that the measures announced by the Lord President on Tuesday are necessary, but I do not understand why they were not taken before. Ministers have been voted whatever sums and whatever establishments they have asked for by this House, with the greatest generosity, for three years. For three years they have not been asked to give any detailed accounts of those Votes. I do not think it is generally understood by the public and sometimes, I think, not altogether even by all of us in this House, that for three years we have had nothing but war Estimates and not peace Estimates—in form, I mean. We are given no details of ships, no details of military formations, and no details of air formations such as were always given in pre-war Estimates. If Ministers of the Crown, on grounds of security, ask and obtain these indulgences from the House, then it must be emphasised that their responsibility is correspondingly increased.

I have spoken on the foreign situation. What of the national situation? How do we really stand? The Chancellor gave us yesterday a rather more buoyant account of our position than he generally allows himself. It is true that he guarded himself, with skilful reservations, from any excessive optimism, but the general impression was very encouraging. It was meant to be so, and I think I know why. His speech was not only well delivered, but well timed. He had to do something to restore the fading confidence in the Socialist Party, and his success was apparent in the reception of his speech, in marked contrast with those accorded to the Lord President or the Foreign Secretary. But there was one Member present who could not have enjoyed the Chancellor's speech very much. He must have listened with increasing alarm and despondency as the prosecution unfolded itself. That was the Chancellor of the Duchy of Lancaster. There was one refrain throughout the Chancellor of the Exchequer's speech, one dismal motif, like the tolling of a bell, and that was the tragedy of 1947, the year of disaster which narrowly escaped being a year of complete collapse. Never did a Chancellor of the Exchequer frame so formidable an indictment against his predecessor and colleague.

What was the second theme of the Chancellor's speech? It was, surely, a panegyric of free enterprise, praise for the managements, staff and employees, and even for the salesmen, who are often forgotten, of private enterprise. Which are the industries which have made this great contribution to the export drive? Not the nationalised industries. If only the nationalised coal industry were making the same contribution to exports as it was in the bad old days how cheerful the Chancellor could actually be. The wonderful story of last year—and it is a wonderful story—has been of the fine resistance movement against Socialism and bureaucracy which has been organised in the factories and workshops of Great Britain.

Mr. S. Silverman rose—

Mr. Macmillan I cannot give way; I am speaking to a timetable. In spite of these achievements the financial situation is, of course, still a cause for anxiety. We cannot get away from the fact that the gap in dollars and hard currencies is still running at about £400 million per annum, a very large sum. The overall gap is running at £280 million per annum. The drain on gold and dollar resources in the first six months of 1948 was £254 million, half, indeed, as the Chancellor told us, of the rate for the first six months of the fatal year, 1947, but still three times, which he did not tell us, the rate of 1946—£254 million as against £80 million. True, he hopes there will be no further drain on these reserves, but that, of course, will be due, and due only, to the Marshall receipts.

Nor—and perhaps this was the strangest omission of all—did he make any reference at all, except by one single phrase at the very beginning of his speech, to the position which is uppermost in everybody's mind today, which has been the main feature of our Debates, and which on Wednesday and for all next week will be the main feature of our thoughts: the deteriorating position in the world today. He made no estimate at all of the result on his calculations of the great rearmament policies in the United States, in Europe, or in Great Britain; he made no mention of the effect of these policies either upon prices or upon normal production. He seemed hardly to be aware of the Lord President's statement on Tuesday about the retention of men in the Armed Forces and the increase of the munitions programme. of the doubling of fighter production. Presumably he has some knowledge of what are the plans for next year, but on all this he was silent. Yet, if he had been in one of his grimmer moods, I hardly think he would have left all this out of the picture. But he is a very skilful artist, and these particular ingredients of his palette did not happen to suit the picture which he wanted to paint.

How, therefore, do we stand, and what are the advantages or disadvantages with which we enter the struggle to which the Chancellor referred in the closing passages of his balanced statement? First, what advantages have we? We have the fundamental solidity and unity of our people; for, fortunately for us all, the people are never quite such good partisans as the politicians. We have the steady improvement in the conditions, physical and mental, of our people, which results from the long story of social reform, over a long period of years, pursued by every party in the State in turn. We have little or no unemployment, and that is a great thing to be thankful for.

The Minister of Education (Mr. Tomlinson) For the first time in history.

Mr. Macmillan Yes, but to whom should we be thankful? To the Socialist Government? [HON. MEMBERS: "Yes"] Not at all: to the capitalist Governments of the United States and Canada. I have for this statement not my own authority, but the respectable authority of Ministers. Let me quote the Chancellor of the Exchequer at a Press conference—they always say the best things at Press conferences—on 14th July of this year. This is what he said: "It has been estimated that without Marshall Aid something like one and a half million people might have been thrown out of work for lack of raw materials unless we had all accepted a very Much lower standard of living—too low to allow us to produce efficiently." The Lord President, at Manchester, went a bit further; he is always better on figures. The Lord President, at Manchester, said, on 17th April of this year: "We should be facing big cuts in rations and a million or two million people on the dole if our generous and far-sighted friends and allies in America had not come to the rescue." I will now give the hon. Member for Nelson and Colne (Mr. S. Silverman) his opportunity. "Generous and farsighted friends and allies" on the Front Bench; "shabby moneylenders" below the Gangway.

Mr. S. Silverman I do not know whether the right hon. Gentleman broke off his speech because he wanted to close it or because he was making an appeal to me to interrupt. He will, however, do me the justice to remember that when I used that phrase I was talking about the whole series of financial transactions during the war, and the sudden ending of Lend-Lease at the end of the war without notice, the worst consequences of which are now no doubt being modified by Marshall Aid.

Mr. Macmillan Well, I think we must be content, and I hope the people of the United States will be content, with that generous withdrawal.

Mr. Silverman But is it not the truth?

Mr. Macmillan With these advantages—and I think I have put the advantages fairly—we also have the greatest of difficulties, some of them the inevitable legacies of war, and some of them of our own making. We have referred to in this Debate the psychological difficulty that people were deluded into thinking that somehow or other after the frightful losses of our own and every country we could automatically rise to unprecedented levels of wealth and

prosperity merely by voting Socialist at the Election. As the delusion becomes generally dissipated, it leaves behind a dangerous trail of disappointment and even resentment.

Perhaps the best account of it which I can give comes from the noble baronet the Member for Gravesend (Sir R. Acland). He always speaks the truth, or sometimes lets out the truth. He said that of very many mistakes the biggest the Labour Party have made—this is after he joined the party and got elected—is that they were too optimistic in 1945. Though warnings were uttered by some of their leaders the total impression of all their propaganda was that we were on the brink of a wonderfully comfortable and cosy time all round.

Major Bruce rose—

Mr. Macmillan I will give way, but let me finish this sentence. If I were on such familiar terms with the hon. baronet as is the Lord President, I should exclaim, "Well done, Dick." We are suffering from the faulty and even insensate financial policy pursued by the former Chancellor of the Exchequer during the first years of this Government. We did our best to give warnings, but they were disregarded. The last Chancellor largely created, and for a long time successfully concealed, the crisis. The present Chancellor has at least diagnosed it honestly. Whether he has prescribed correctly is another question. Whether he will be able to persuade the patient to follow his regimen is doubtful, for much of it involves an almost complete recantation of years of Socialist propaganda.

I am bound to say that when I read discourses of the Chancellor of the Exchequer in this House as reported in the Press I am sometimes reminded of another great Socialist leader, who when made aware of certain truths did not hesitate to expound them. There was the same precise and dry presentation, the same ruthless and unsparing logic, the same aloofness from the common man, the same mastery of the admiration, if not always of the affection, of his audience. Three years of Socialism have put us in the same desperate situation which 20 years ago demanded first decision and then action from Philip Snowden.

Meanwhile, those of us not privileged to attend the Trades Union Congress read their debates with great interest. In spite of certain conclusions on certain points, the proceedings gave an extraordinary sense of restraint, good sense and responsibility. Many admirable statements were made and sentiments expressed which would command support from this side of the House. Sometimes indeed we could hardly believe the printed reports. When, for instance, the World Federation of Trade Unions is solemnly rebuked for trying to introduce politics into a sphere in which it ought not to enter, it is difficult to repress a smile and when we are warned that the profit motive is essential to all industry, nationalised or unnationalised, and that statutory control of profits would be the greatest disservice to the British people, we may gasp a little, but we approve.

It will not have escaped the House that one of the best items in the White Paper is the remarkable increase in invisible exports. In the case of visible trade the first six months revealed a deficit of £156 million. That is not better, but worse than the estimate made in the Economic Survey. A deficit of £87 million was then estimated and it has turned out to be £69 million worse than we expected it to be. In the case of invisible exports we are £65 million better off than the estimate. That is partly due to reduced Government expenditure abroad which, as in Germany, has been achieved by passing the expenditure on to our American allies. But it is largely due to the increase in the earnings of shipping, insurance, banking and profits and dividends from abroad. All this is very encouraging, but who has earned those dividends and profits and how have they been built up? By the skill, intelligence and experience and business probity of British people all over the world. They have been built up by the very people whom the Chancellor of the Exchequer and his friends have spent all their political lives in denouncing with various degrees of spleen and vituperation. They are the middlemen, the traders, the speculators, the planters who, worst of all, go overseas, capitalists—all these are the regular Aunt Sallies of Socialist oratory.

I must give the Government a word of warning, especially about our foreign investments. We must not give a bad example, or too bad an example, at home or our interests abroad will be more liable to attack. I cannot help being rather amused at the note which the Foreign Office has sent to the Roumanian Government on the question of British private property which has been nationalised and inadequate compensation paid. It is so good that it is worth quoting textually: "Compensation in the form of bonds on the fund of nationalised industry apparently redeemable from the eventual profits of the individual nationalised undertaking—" the writer has a pretty shrewd notion of what are likely to be the profits of a nationalised undertaking—"cannot be considered to provide the prompt, adequate and effective compensation which the accepted principles of international law require." A most noble sentiment. Then the note continues: "The law—" that is Roumanian law—"which provides for the determination of the amount to be paid, makes no provision for the hearing of appeals." I must congratulate the young man in the Foreign Office who drafted that note. He must have a very keen sense of humour—or else perhaps none at all.

Whatever relief we may ultimately obtain from the development of invisible exports it is, however, upon increased production that we must primarily depend. How are we to get it? We can make great progress by the use of those methods of joint consultation which are approved on both sides of the House. My friends and I—and our proposals are on record—would like to extend those methods and widen the conception of partnership in industry in its widest sense. Above all, we need a clear definition of the respective functions of industry and Government for unless and until we can get some generally agreed concept of what are the proper strategic tasks of Government and what are the tactical duties of managements, industrial and commercial, we shall always be subject to the frustration and strangulation which is the result of over-regulation.

But when all is said and done there is the human question, and I ask this in humble humanity. What is it that is wrong? That is what we have to study. It is plain there is a radical fault somewhere, if, with improved plans, improved methods and a great national emergency, the output per man is no greater, and indeed is even less, than in 1938. For it is a fact that the increased volume of production—and the Chancellor called special attention to this fact the other day—is due to the larger number of persons employed.

I think that what is wrong may be found in what we may call a lack of incentive. To the older Socialists the conception, perfectly genuine and indeed not without a certain nobility, was that once people felt they were working for the State they would work quite differently and far better than for a private employer. I do not think that has proved to be the case. I do not think it is commonsense that we should think so, because, in point of fact, although men and women work from a broad national loyalty and for the individual loyalties to the concerns with which they are associated, they work above all and primarily for themselves and for their families. The family and not the State is the basis of civilised life. We must return to that conception. We must create some real incentive for the mass of the people. The only method that is open to us, the clearest and simplest method open to us, is the reduction of taxation, to leave people a little more of what they earn for them to decide to spend or to save as they choose, and not as the Government think they ought to do.

I have tried to cover my task of winding up the arguments in favour of this Amendment. It covers a dual field. It censures the Government for their lack of management of our affairs, both at home and abroad. It calls attention to the fact that to face none of those grave problems was this Parliament called; to none of those difficulties are the Government preparing to lay their own remedies before this Session of Parliament. We are met, as the King's Speech tells us, for one purpose and one purpose only. The Government intend, by a Parliamentary trick, to avoid the necessity of laying their further nationalisation plans before the Electorate. It would be a mean and contemptible trick at any time, but in times like these it is an act of criminal levity.

I suspect that a large number of hon. Members of the Party opposite are ashamed of it in their hearts. I believe that some of the Ministers do not like it. I am quite sure that the Lord Chancellor has grave doubts about it. But since they

persist in this course I confidently commend to the House this motion of censure. No doubt it will be voted down by the great Government majority, but in due course it will be taken to another tribunal. To that tribunal hon. and right hon. Gentlemen opposite look forward with increasing apprehension; we on this side with increasing confidence. Let the people judge.

3.20 p.m.

The President of the Board of Trade (Mr. Harold Wilson) The one part of the right hon. Gentleman's speech with which we on this side of the House find ourselves in agreement was his opening remarks and his references to my right hon. Friend the Prime Minister. I am sure that all of us would wish to thank the right hon. Gentleman, and I am sure that the Prime Minister will be exceedingly grateful to him for what he said.

This Debate, especially during the last two days, has covered a very wide range of subjects, and the Amendment which has been put down by the Opposition is drawn in very wide terms. I propose to confine myself to what has been the main subject of debate in the last two days, namely, the economic state of the nation.

Colonel Gomme-Duncan (Perth and Kinross, Perth) Before the right hon. Gentleman goes on, may I ask whether we are not going to hear something about Hyderabad? Has not the right hon. Gentleman heard that it has capitulated, and that this has happened within the British Empire?

Mr. Wilson The position, as I understood it, is that the Opposition have been pressing for a full Debate to take place on economic affairs. The coolness which they have developed during the last two days seems to have begun yesterday when they heard the Chancellor's statement. The Opposition asked for a two days' Debate on economic affairs, and I propose to end this Debate where it began yesterday, with the statement on economic affairs. A number of points which have been raised are to be fully debated next week, and on others I have no doubt there will be statements made.

Colonel Gomme-Duncan What will be the state of Hyderabad next week?

Lieut.-Commander Gurney Braithwaite (Holderness) Guilty men.

Mr. Wilson The Chancellor, in his statement of qualified optimism yesterday, referred to the great change which has taken place in our national balance of payments position in the last 12 months. The House, while gratified, I think, by the progress made, has naturally wanted to probe deeply into the figures published yesterday. Let us consider the change that has taken place since my right hon. and learned Friend made his speech at the Central Hall, Westminster, exactly a year ago this week, when he set forward the export programme and the balance of payments programme for the nation. What has transformed the situation since then? [HON. MEMBERS: "Dalton has gone."]

First of all, the 35 or 40 bilateral trade agreements which the Government succeeded in negotiating with supplying countries in all parts of the world. A year ago there was a very serious lack of confidence in sterling in many of the countries from which we had to buy essential supplies. Yet we have secured agreements based on sterling with practically every one of those countries. Secondly, the much closer economic integration of the sterling area, and the great efforts made by all parts of the sterling area to solve our mutual balance of payments difficulties, especially the great efforts and sacrifices made in reducing imports from the dollar area and increasing exports to the Western Hemisphere. The third factor is the development of Western European economic cooperation, about which the Foreign Secretary had a few words to say two days ago. Before I come to the transformation brought about by the European Recovery Programme, there has been, fourthly, the great success of the nation's export drive. I recognise—and the hon. Member for Bucklow (Mr. W. Shepherd) stated it clearly only this morning—that this export drive is taking place

in the face of considerable, and, in many respects, growing difficulties, especially our difficulties in selling goods abroad, and particularly in those areas where import restrictions are becoming more and more severe.

The right hon. Gentleman referred to the tribute which has been rightly paid to our salesmen. They have had, first of all, to recapture markets which were necessarily lost during the war, and have had to build up new markets for new products in many parts of the world. They have been particularly successful, though we still have a long way to go, in our exports to the dollar areas where they have had to face not only the great competitive power of the American domestic industry, but also the difficulties associated with the tariff wall. But if we look at the progress of the last two years in exports to the dollar area, we see a very fine achievement. In 1946, we were exporting a little under £11 million worth per month to the Western Hemisphere; in 1947, we were exporting rather less than £15 million worth; in the first half of 1948, £21 million worth, and, in the month of July, nearly £26 million worth, and that in an area which is not the easiest of all to penetrate with exports.

Captain Crookshank (Gainsborough) Did the right hon. Gentleman say that we exported £26 million worth in July?

Mr. Wilson At the monthly rate of £26 million worth. Equally significant has been the way in which we have been able to switch our purchases away from the Western Hemisphere to other areas, notably the sterling area. In 1946, 48 per cent. of our imports came from the Western Hemisphere; in 1947 it was 46½ per cent., and in the first half of 1948 it has been at the rate of 33 per cent. To put it another way, if we take our direct trade only, in 1938 we were paying for about one-sixth of our Western Hemisphere imports by our exports and re-exports. In 1946, and again in 1947, we paid for a little over one-fifth in this way, and in the first half of 1948 two-fifths of our imports were being paid for by our exports and re-exports.

As the right hon. Gentleman said—and this is a very important point to make—one of the most significant contributions to the improvement in our balance of payments position has been the development of our net invisible account from an overall deficit of £192 million in 1947 to a net surplus so far this year of £16 million; and, if we take the Western Hemisphere alone, from a net deficit of £118 million to a net deficit now of about £18 million. But hon. Members in all parts of the House have said that the really important achievement of this country in the last 12 months has been the success, so far, of the national export drive. My right hon. and learned Friend pointed out that by June of this year we had reached the figure of 138 per cent. of the 1938 volume, and he rightly paid tribute to the managements, the technicians, the workers and the salesmen who have made this national success possible.

As the House knows, in July the figures rose even higher and actually achieved a rate of 149 per cent. by volume of the 1938 figures. I am glad to tell the House, now that I have the provisional figure for August, which is normally a very low month owing to holidays, that the momentum of the export drive has carried on, and helped partly by abnormally high figures of exports of ships and boats—the largest average exported from this country for over a quarter of a century—the daily rate of exports in August was down only 3 per cent. on July. Some trades, in spite of holidays—and I am especially glad to see the cotton trade featuring here—have shown higher figures in August than even in July, the cotton piece goods exports having gone up, in spite of their Wakes weeks, from £7.7 million in July to £8.4 million in August.

Squadron-Leader Fleming (Manchester, Withington) Is this volume or money?

Mr. Wilson This is money, but there have not been any significant increases in price. It would be invidious to single out individual export industries and talk of their contributions, but if we look at the second quarter of 1948 and compare it with the second quarter of 1947 we see some really remarkable achievements in increased exports. The cotton industry is up by 41 per cent.; woollen and worsted by 62 per cent.; silk and rayon by 43 per cent.; iron and steel and manufactures by 8 per cent. [HON. MEMBERS: "And coal?"] Coal is up by 1,400 per cent. The main difference between iron and steel and coal is that in the case of iron and steel every hour we get nearer nationalisation

and the output goes up; in the case of coal we have had to wait for the fact of nationalisation. If we take the vehicles industry, including ships and aircraft, we find an increase of 53 per cent. this year over last; electrical goods and apparatus, 49 per cent.; machinery, 32 per cent.; pottery, glass and so on, 43 per cent.; chemicals, in spite of the very great contribution they are making to the home market and to dollar saving, an increase of 19 per cent.

To foretell the export prospects of this country—and the hon. Member for Bucklow made a very telling speech on this subject this morning—is an extremely difficult thing to do. We are at present in consultation with the industries concerned, working out export targets for 1949. Those calculations are not yet complete, but I think we shall probably be putting before the country an export target of the order of 160 per cent. above 1938 for achievement in the concluding months of 1949. We recognise that the problem in exports now is becoming more and more one of selling and less and less one of production; and the efforts of the salesmen to whom reference has been made, and above all the importance of producing with the maximum efficiency and the minimum cost, will become more and more important as each day goes by.

As the right hon. Member for Bromley has said, this is a wonderful story. I think some of those who have played such a great part in it might be a little surprised at the part in which he has cast them. The workers in the export industries, including coal, would be a little surprised to find themselves characterised as a powerful resistance movement against Socialism and bureaucracy. The interesting thing that has developed from this consideration of our export position by this House in the last two or three days, so far as I can see, is the complete absence of any comment from the opposite side as to how they would like things done differently in this matter of exports.

The only argument they have used, I think, has been that this wonderful story has been the achievement uniquely of private enterprise, but all the previous arguments we have ever heard from them during this Parliament have been to the effect that because of controls, because of frustration, because of misgovernment, private enterprise simply could not function. But, in fact, the record given by my right hon. and learned Friend and the figures I have just given show that those sections of industry which still remain under private enterprise are doing a whole lot better under a Socialist Government than they ever did under a Tory Government, in spite of the necessary difficulties created by world shortages of raw materials and also by domestic inadequacies of industrial capacity. When the Tory Government were responsible for private enterprise—and they were very fond of it—they could think of no help for private enterprise apart from protective tariffs and State subsidies. What the present Government have done for private enterprise is to provide markets for their output, markets particularly at home, by maintaining full employment and the purchasing power of the worker at a high level through reasonable wages and decent social security.

The right hon. Gentleman referred to the fact of national full employment. He said this was due to Marshall Aid. In this House, Government spokesmen have paid their tribute to the generous gesture on the part of the American people in this provision of Marshall Aid, but I am sure the House will not forget in judging whether full employment is due entirely to Marshall Aid, that this country disposed of over £1,000 million of gold and dollar reserves or securities during the period when we stood alone. If that had been available today, the situation would have been entirely different.

Nor, I hope, will they forget that against the Marshall Aid we get from the United States we are making available this year a very considerable volume of Marshall Aid to Western Europe. The right hon. Gentleman, quoting Government spokesmen, said we might well have one million, two million or 1½ million unemployed but for Marshall Aid. I think it is an extraordinary thing that before the war, when I agree there was no Marshall Aid but when we had our foreign investments and when the terms of trade were better than practically for a century past, it was still possible to maintain two million unemployed in this country.

This policy of full employment is not yet fully complete. There are still pockets of unemployment in the old Development Areas which we intend to remove as quickly as possible. We had a reference by the hon. Members for

Edge Hill (Mr. Irvine) and Exchange (Mrs. Braddock) to the position on the Merseyside. The House, as I know, is expecting from me a White Paper on Distribution of Industry Policy, which I hope will be ready very shortly, and I do not want to anticipate the detailed review we shall be making in that White Paper of what has happened in the Development Areas, but perhaps I should say at this stage, as my hon. Friends have raised the question, that we shall be proposing to the House at that time that, in addition to making small boundary adjustments of the existing Development Areas, we should additionally schedule two new Development Areas, one of them being the Merseyside and the other a part of the Scottish Highlands, the part bordering on Inverness.

The other thing which has come out of Opposition speeches in this Debate, apart from the references to the part played by private enterprise, has been the undercurrent of suggestion that even so our national productive effort is still being held back, frustrated, by controls. Of course, the degree of criticism on that varied with individual speakers, but it reached an all-time high in the speech of the archangel of chaos, the hon. Member for Orpington (Sir W. Smithers). What has not been made clear by any official representative of His Majesty's Opposition is what is their policy on controls. We still keep asking them. We are still anxious to know, and I think that the country for three years has been anxious to know.

Mr. Eden (Warwick and Leamington) The Government have taken our advice a good many times.

Mr. Wilson We are removing controls—

Mr. Eden Yes, on our advice.

Mr. Wilson—while the Tory Party are still awaiting the report of the committee set up by the Conservative Central Office in 1946 as to the list of controls which they would remove. I put it to the right hon. Gentleman that the country is most anxiously awaiting that report. We hope that at the gathering which they may be having in the near future, we shall see what it is. If the answer is that we shall see it in that cotton-wool document, the Industrial Charter, I must say that I have read it carefully through, and I could not see a single piece of advice to the Government as to which controls ought to be taken off. We are reducing controls as fast as we can in many cases. It would always be our case that we would maintain no unnecessary control, but that, unlike the Tory Party's case, we would maintain controls so long as they are necessary. We are trying to take them off, in many cases against the strongest opposition of the trade and trade associations concerned. I know that the Opposition agree with us that we should not allow that fact to weigh with us.

The right hon. Gentleman said that this Session of Parliament should have been an opportunity for a grand assize of the nation to consider our economic position, and we on this side of the House would like to take the fullest advantage of the opportunity in order to get the maximum advice that we can from the opposite side about economic policy. We are particularly anxious to know which controls they would remove. I asked the right hon. Member for Bournemouth (Mr. Bracken) that some time ago, but he has not answered me yet. Would the Opposition, if in power, now take off price control? I hope that we shall have an answer to that question, if not this afternoon, at least in the near future.

Would the Opposition take off control over imports, which makes it possible to concentrate our still limited imports on food, raw materials and new machinery, instead of squandering our scarce dollars on, for instance, American cars or luxury imports? Would they or would they not maintain control over - foreign exchange and over imports? Would they maintain or scrap control over raw materials, which sends our scarce resources into the export industries, building development area factories and capital goods industries, instead of their going into the more profitable dog tracks, road-houses and so on? Would they maintain this control over raw materials or not? I think the country has a right to be given an answer.

Hon. Members Answer.

Lieut.-Colonel Elliot (Scottish Universities) The Government should answer some of our questions first.

Mr. Wilson The Opposition should answer some of those questions. We are told that there is a lot of frustration on the question of factory building and the allocation of building. Would they abolish the machinery for the allocation of industry which steers new industrial buildings into the new development areas, like Merseyside, instead of into overcrowded London and Birmingham, where they will not find the labour anyway? Would they abolish those controls? While they are holding a committee meeting and working out answers to these questions—

Mr. Oliver Lyttelton (Aldershot) Perhaps hon. Members may know that the Act which deals with the allocation of industry was introduced into this House by myself.

Mr. Wilson That Measure was introduced into the House by my right hon. Friend the Chancellor of the Duchy of Lancaster whom the Opposition so much love. It was emasculated during the period of the caretaker Government when Clause 9 was taken out of it.

Mr. Lyttelton Why have the Government not altered it?

Mr. Wilson Because in the first place we maintained equivalent powers for a short period under building licences and then Section 14 (4) of the Town and Country Planning Act replaced the identical powers which were taken out of that Act. I am sorry that the right hon. Gentleman missed that point in 1946. The Opposition have entirely failed in the last two days to provide any suggestions for economic policy, but they have tried instead to present this picture of a frustrated country, crippled by controls, riddled by regulations, paralysed by permits and completely unable to produce anything at all.

Squadron-Leader Fleming (Manchester, Withington) And it is completely true.

Mr. Wilson Let us look at the facts. [Interruption.] I know a little about Yorkshire, for I lived in Yorkshire during a period when—[HON. MEMBERS: "They had no shoes."] I shall be glad when the Tory Press publish the whole of what was said on that issue, including the letter of the Mayor of Huddersfield which was suppressed.

Industrial production in the first half of this year was 20 per cent. above 1938. Is that a country frustrated by controls and regulations? As my hon. Friend the Economic Secretary said last night, it took over 15 years after the last war in vastly better conditions to get production 20 per cent. above pre-war. When we compare our present output with 1938 we are being extremely kind to the Opposition, for that was rather a good year for them. It was a year after some years of world trade recovery, though things were slipping back again. It was considerably above the average for the 30's in general. It was a year in which employment and production were considerably aided by the rearmament programme. If we were to take 1935, a fair average for a pre-war period, production this year, so far, has been at a rate of one-third above production in 1935—

Major Tufton Beamish (Lewes) What about coal?

Mr. Wilson —when there were no world shortages of raw materials, no areas of war damage—

Mr. Lyttelton And no sellers' market.

Mr. Wilson —no diversification of material for building factories in development areas, which we have had to do and which we are proud to do, and no controls. The international figures which are available—and my hon. and gallant Friend the Member for North Portsmouth (Major Bruce) in a truly remarkable speech this morning quoted them—show that both industrial and agricultural production in this country is higher in relation to pre-war than that of any other major European country affected by the war. Does that give a picture of a country riddled by regulations and

frustrated by this Government? Let us look at the improvement in our production industries themselves since a year ago. The output of the manufacturing industries is nearly 12 per cent. up on that period. Coal output so far this year, though we want to see it expand a lot more, is well over 9 million tons more than in the same period last year.

Major Beamish What about 1938?

Mr. Wilson Coal output is between 20 million and 30 million tons more than it was in 1945 before nationalisation. If hon. Members want to examine the long-term movement between 1938 and 1948, let them begin by examining the very serious fall which took place between 1938 and 1945, from which we have made a remarkable recovery, again contrasting very strongly with what happened at the end of the last war when there was a serious fall in output and no increase. If we look at other industries we find textile production is 18 per cent. up, cotton yarn 17 per cent., engineering and shipbuilding 24 per cent., chemicals 10 per cent. and so on.

Colonel Dower (Penrith and Cockermouth) What about the emigration figures?

Mr. Wilson I will give them to the hon. and gallant Member if he will put down a Question. They are considerably lower than for the same period after the last war. If we look particularly at those sectors of industrial production which are playing their part in capital re-equipment of our long-neglected basic industries, that is where we see the biggest improvement. We find that agricultural tractors at the moment are being produced at the rate of 27,000 a quarter compared with 2,500 a quarter in 1938, ploughs at 19,000 compared with 3,000, and mowers at 5,600 compared with 1,160. I know this has been done by private industry, but private industry could not get a market before the war because the farmers could not afford to buy them or could not get them for some other reason. Combined harvesters show a figure of 257 for the quarter compared with no production at all in 1938. If we turn to the figures for fertiliser production, alkali production and above all mining machinery, for which there were no figures before the war, it will be found that new records have been made every month.

I submit that these are not output records of a country dispirited by underfeeding and misgovernment. If instead of coming to this House with a picture of the country drawn from tea party discussions with dames of the Primrose League, or drawn from displaced persons from the City or frustrated spivs, Members opposite would go out and see the facts, they will find an entirely different picture of production in this country, a picture of a country on its toes, working hard, conscious of the fact that its productive efforts and its sacrifices—and both have been great—are going to bring real benefit to the nation, leading to a national recovery and a higher standard of living and not to mass unemployment. If they want to get a picture of the state of production of this country, they should turn their eyes away from purely financial indices, turn away from the Stock Exchange, turn away from the figures of unemployment among pawnbrokers—which are very high—and let them go, as I have been recently, to the Cumberland area, which a pre-war Blue Book said was finished as an industrial area. There, where once there were 17,000 unemployed, there are now less than 1,300. The population which was migrating from that area is going back home. There are new thriving factories where there was once dereliction and unsightly slag heaps, new products and new industries making a real contribution not only towards the supply of goods at home and the re-equipment of our industries, but to our export drive. Let them look at that picture before coming here to tell us what is really going on in the country.

The interim report on the economic situation which my right hon. and learned

Friend the Chancellor gave yesterday was given in a hopeful tone. It is only an interim report, and no one is clearer than he and the Government that there is an enormous amount still to be done. We have still a long way to go before reaching our first objective of standing on our own feet and paying our way abroad. The size of the job created by the loss of investments, the turn in the terms of trade, the work we have to do towards the recovery of Western Europe and the development of the great untapped resources of the sterling area and what we have to do at home will call for the biggest productive efforts, going far beyond anything which has so far been achieved. This is no time for detracting

from the very great efforts which our people have been making. This is a time for paying tribute to the first satisfactory results of our national production and export drive, and I am certain that in approaching it in that spirit this House will give an emphatic reply to the Opposition Amendment.

Question out, "That those words be there added."

The House divided: Ayes. 196; Noes, 322.

Division No. 1.]	AYES	[3.59 p.m.
Agnew, Cmdr. P. G	Dower, Col. A. V. G. (Penrith)	Hulbert, Wing-Cdr. N. J.
Aitken, Hon. Max	Dower, E. L. G. (Caithness)	Hurd, A.
Amory, D. Heathcoal	Drayson, G. B.	Hutchison, Lt.-Cm. Clark (E'b'rg'h W.
Assheton, Rt. Hon. R	Dugdale, 'Maj. Sir T. (Richmond)	Hutchison, Col. J. R. (Glasgow, C)
Astor, Hon. M.	Duncan, Rt. Hn. Sir A (City of Lond.)	Jeffreys, General Sir G.
Baldwin, A. E.	Duthie, W. S.	Jennings, R.
Barlow, Sir J.	Eccles, D. M.	Joynsen-Hicks, Hon. L. W
Baxter, A. B.	Eden, Rt. Hon. A	Keeling, E. H.
Beamish, Maj. T. V H	Elliot, Lieut.-Col. Rt. Hon. Walter	Kerr, Sir J. Graham
Beechman, N. A.	Erroll, F. J.	Kingsmill, Lt.-Col. W. H
Bennett, Sir P.	Fleming, Sqn.-Ldr. E. L.	Lambert, Hon G.
Birch, Nigel	Fletcher, W. (Bury)	Lancaster, Col. C. G.
Boles, Lt.-Col. D. C (Wells)	Footer, J. G. (Northwich)	Langford-Holt, J.
Boothby, R.	Fox, Sir G.	Law, Rt. Hon. R. K.
Bossom, A. C.	Fraser, H. C. P. (Stone)	Legge-Bourke, Maj. E. A. H
Bower, N.	Fraser, Sir I. (Lansdale)	Lennox-Boyd, A. T.
Boyd-Carpenter, J. A.	Fyfe, Rt. Hon. Sir D. P. M.	Lindsay, M. (Solihull)
Bracken, Rt. Hon. Brendan	Gage, C.	Linstead, H. N.
Braithwaite, Lt.-Comdr. J. G.	Galbraith, Cmdr. T. D	Lloyd, Selwyn (Wirral)
Bromley-Davenport, Lt.-Col. W	Gammans, L. D.	Low, A. R. W.
Bullock, Capt. M	Gates, Maj. E. E	Lucas, Major Sir J.
Butcher, H. W.	Glyn, Sir R.	Lucas-Tooth, Sir H.
Butler, Rt. Hn. R. A. (S'ffir'n W'ld'n)	Gomme-Duncan, Col. A.	Lyttelton, Rt. Hon. O.
Carson, E.	Gridley, Sir A.	MacAndrew, Col. Sir C.
Challen, C.	Grimston, R. V.	McCallum, Maj. D.
Channon, H.	Hannon, Sir P. (Moseley)	McCorquodale, Rt. Hon. M. S
Clarke, Col. R. S	Harden, J. R. E	MacDonald, Sir M. (Inverness)
Cole, T. L.	Hare, Hon. J. H. (Woodbridge)	Macdonald, Sir P. (I. of Wight)
Conant, Maj R. J. E	Harris, F. W. (Croydon, N.)	McFarlane, C. S.
Cooper-Key, E. M.	Harris, H. Wilson (Cambridge Univ.)	Mackeson, Brig. H. R.
Corbet., Lieut.-Col. (Ludlow)	Harvey, Air-Comdre. A. V.	McKie, J. H. (Galloway)
Crookshank, Capt. Rt. Hon. H. F. C.	Head, Brig. A. H.	Maclay, Hen. J. S.
Crosthwaite-Eyre, Col. O. E	Henderson, John (Cathcart)	Maclean, F. H. R. (Lancaster)
Crowder, Capt. John E	Hinchingsbrooke, Viscount	MacLeod, J.
Cuthbert, W. N.	Hogg, Hon Q.	Macmillan, Rt. Hon. Harold (Bromley)
Darling, Sir W. Y.	Hollis, M. C.	Macpherson, N. (Dumfries)
Davidson, Viscountess	Holmes, Sir J. Stanley (Harwich)	Maitland, Comdr. J. W.
De la Bère, R.	Hope, Lord J.	Manningham-Buller, R. E
Digby, S. W.	Howard, Hon. A.	Marlowe, A. A. H.
Donner, P W.	Hudson, R Hon. R S (Southport)	Marples, A. E.
Marshall, D. (Bodmin)	Raikes, H. V.	Taylor, Vice-Adm. E. A. (P'dd't'n, S.)
Marshall, S H. (Sutton)	Ramsay, Maj. S.	Teeling, William
Maude, J. C.	Rayner, Brig. R.	Thomas, J. P. L. (Hereford)
Medlicott, Brigadier F	Reed, Sir S. (Aylesbury)	Thorneycroft, G. E. P. (Monmouth)
Mellor, Sir J.	Renton, D.	Thornton-Kemsley, C. N

Moore, Lt.-Col. Sir T.	Roberts, H. (Handsworth)	Touche, G. C.
Morris, Hopkin (Carmarthen)	Roberts, P. G. (Ecclesall)	Turton, R. H.
Morris-Jones, Sir H.	Robertson, Sir D. (Streatham)	Tweedsmuir, Lady
Morrison, Maj. J. G. (Salisbury)	Robinson, Roland	Vane, W. M. F.
Morrison, Rt. Hn. W. S. (Cirencester)	Ross, Sir R D. (Londonderry)	Wakefield, Sir W. W
Mott-Radclyffe, C. E.	Savory, Prof. D. L.	Walker-Smith, D.
Nicholson, G.	Scott, Lord W.	Ward, Hon. G. R.
Nield, B. (Chester)	Shepherd, S. (Newark)	Watt, Sir G. S. Harvie
Noble, Comdr. A. H. P	Shepherd, W. S. (Bucklow)	Webbe, Sir H (Abbey)
Nutting, Anthony	Smiles, Lt.-Col. Sir W.	Wheatley, Colonel M. J. (Dorset, E.)
Odey, G. W.	Smith, E. P. (Ashford)	White, Sir D. (Fareham)
O'Neill, Rt. Hon. Sir H	Smithers, Sir W.	White, J. B. (Canterbury)
Orr-Ewing, I. L	Snadden, W. M.	Williams, C. (Torquay)
Osborne, C.	Spearman, A. C. M	Williams, Gerald (Tonbridge)
Peto, Brig. C. H. M.	Spence, H. R.	Willoughby de Eresby, Lord
Pickthorn, K.	Stanley, Rt. Hon. O.	Winterton, Rt. Hon. Earl
Pitman, I. J.	Stewart, J. Henderson (Fife, E.)	York, C.
Ponsonby, Col. C. E.	Strauss, Henry (English Universities)	Young, Sir A S. L. (Partick)
Poole, O. B S. (Oswestry)	Studholme, H. G.	
Prescott, Stanley	Sutcliffe, H.	TELLERS FOR THE AYES:
Price-White, Lt.-Cot. D	Taylor, C S. (Eastbourne)	Mr. Buchan-Hepburn and Mr. Drewe.
Prior-Palmer, Brig. O.		
NOES		
Acland, Sir Richard	Collins, V J	Grierson, E.
Adams, Richard (Balham)	Colman, Miss G. M.	Griffiths, D. (Bother Valley)
Adams, W. T. (Hammersmith, South)	Comyns, Dr. L.	Griffiths, Rt. Hon. J. (Llanelly)
Alexander, Rt. Hon. A. V.	Cook, T F.	Guest, Dr. L. Haden
Allen, A. C. (Bosworth)	Corbet, Mrs. F. K. (Camb'well, N.W.)	Gunter, R. J.
Allen, Scholefield (Crewe)	Corlett, Dr. J.	Guy, W H.
Alpass, J. H.	Cove, W. G.	Haire, John E. (Wycombe)
Anderson, A. (Motherwell)	Crawley, A	Hall, Rt. Hon. Glenvil
Attewell, H. C.	Crossman, R H. S	Hamilton, Lieut.-Col. R
Austin, H. Lewis	Daggar, G.	Hannan, W. (Maryhill)
Awbery, S. S.	Daines, P.	Hardy, E. A.
Ayles, W H.	Dalton, Rt. Hon. H.	Harrison, J.
Ayrton Gould, Mrs. B	Davies, Rt. Hn. Clement (Montgomery)	Hastings, Dr. Somerville
Bacon, Miss A	Davies, Edward (Burslem)	Haworth, J.
Baird, J.	Davies, Harold (Leek)	Henderson, Rt. Hn. A. (Kingswinford)
Balfour, A	Davies, Haydn (St. Pancras, S.W.)	Henderson, Joseph (Ardwick)
Barnes, Rt. Hon. A. J	Davies, R. J. (Westhoughton)	Herbison, Miss M.
Barstow, P. G.	Davies, S. O (Merthyr)	Hicks, G.
Battley, J. R.	Deer, G.	Hobson, C. R.
Bechervaise, A. E	de Freitas, Geoffrey	Holman, P.
Berry, H.	Delargy, H. J	Holmes, H. E. (Hemsworth)
Beswick, F.	Diamond, J.	Horabin, T. L.
Bevin, Rt. Hon. E. (Wandsworth, C)	Dobbie, W.	Hoy, J.
Bing, G. H. C.	Dodds, N. N.	Hubbard, T.
Binns, J.	Dugdale, J. (W. Bromwich)	Hudson J. H. (Ealing, W)
Blackburn, A. R.	Dumpleton, C. W.	Hughes, Emrys (S. Ayr)
Blenkinsop, A.	Dye, S.	Hughes, H. D. (W'lverh'pton, W.)
Boardman, H.	Ede, Rt. Hon. J. C.	Hutchinson, H. L. (Rusholme)
Bottomley, A. G.	Edelman, M.	Hynd, H. (Hackney, C.)
Bowden, Flg. Offr. H. W.	Edwards, John (Blackburn)	Hynd, J. B. (Attercliffe)
Bowles, F. G. (Nuneaton)	Edwards, Rt. Hon. N. (Caerphilly)	Irvine, A. J. (Liverpool)

Braddock, Mrs. E M. (L'pl. Exch'ge)	Edwards, W. J. (Whitechapel)	Irving, W. J. (Tottenham, N.)
Braddock, T. (Mitcham)	Evans, Albert (Islington, W.)	Isaacs, Rt. Hon. G. A.
Bramall, E. A.	Evans, E. (Lowestoft)	Janner, B
Brook, D. (Halifax)	Evans, John (Ogmore)	Jay, D. P T.
Brooks, T. J. (Rothwell)	Evans, S. N. (Wednesbury)	Jeger, G. (Winchester)
Brown, George (Belper)	Ewart, R.	Jager, Dr. S. W. (St. Pancras, S.E.)
Brown, T. J. (Ince)	Fairhurst, F.	Jenkins, R. H.
Bruce, Maj. D. W. T	Farthing, W. J.	Johnston, Douglas
Burden, T. W.	Field, Capt. W. J.	Jones, Rt. Hon. A. C. (Shipley)
Burke, W. A.	Fletcher, E. G. M. (Islington, E.)	Jones, D. T. (Hartlepool)
Butler, H. W. (Hackney, S.)	Foot, M. M.	Jones, J. H. (Bolton)
Byers, Frank	Forman, J. C.	Jones, P. Asterley (Hitchin)
Callaghan, James	Freeman, J. (Watford)	Keenan, W
Carmichael, James	Gaitskell, Rt. Hon. H. T. N	Kenyon, C.
Castle, Mrs. B A.	Carney, Mrs. C. S.	Key, Rt. Hon. C. W.
Chamberlain, R. A	Gibbins, J.	King, E. M.
Champion, A. J.	Gilzean, A.	Kinghorn, Sqn.-Ldr. E.
Chetwynd, G. R	Glanville, J. E. (Consett)	Kinley, J.
Cluse, W. S.	Gooch, E. G.	Lavers, S.
Cobb, F. A.	Gordon-Walker, P. C	Lawson, Rt. Hon. J. J
Cocks, F. S	Granville, E. (Eye)	Lee, F. (Hulme)
Coldrick, W.	Greenwood, A. W. J. (Heywood)	Lee, Miss J. (Cannock)
Collick, P.	Grenfell, D. R.	Leonard, W.
Collindridge, F.	Grey, C. F.	Leslie, J. R
Lever, N. H.	Palmer, A. M. F	summerskill, Dr Edith
Levy, B. W.	Pargiter, G. A.	Swingler, S.
Lewis, A. W. J. (Upton)	Parkin, B. T.	Sylvester, G. O
Lewis, J. (Bolton)	Paton, Mrs. F. (Rushcliffe)	Symonds, A. L
Lewis, T. (Southampton)	Paton, J. (Norwich)	Taylor, Dr. S. (Barnet)
Lindgren, G. S.	Pearson, A	Thomas, D. E. (Aberdare)
Lipton, Lt.-Col. M	Pear, T. F.	Thomas, I. O. (Wrekin)
Longden, F.	Perrins, W.	Thorneycroft, Harry (Clayton)
McAdam, W	Popplewell, E.	Thurtle, Ernest
McAllister, G	Porter, E. (Warrington)	Tiffany, S.
McEntee, V. La T	Porter, G. (Leeds)	Timmons, J
McGhee, H. O	Proctor, W. T.	Titterington, M. F
Mack, J. D.	Pryde, D. J.	Tolley, L.
McKay, J. (Wallsend)	Purse, Comdr. H	Tomlinson, Rt. Hon. G
Mackay, R. W. G. (Hull, N.W.)	Randall, H. E.	Turner-Samuels, M.
McLeavy, F.	Ranger, J.	Ungood-Thomas, L
McNeil, Rt. Hon. H.	Rankin, J.	Usborne, Henry
Macpherson, T. (Romford)	Reeves, J.	Vernon, Maj. W. F
Mainwaring, W. H.	Reid, T. (Swindon)	Viant, S. P.
Mallalieu, J. P. W. (Huddersfield)	Rhodes, H.	Walker, G. H.
Mann, Mrs. J.	Richards, R.	Wallace, G. D. (Chislehurst)
Manning, C. (Camberwell, N.)	Ridealgh, Mrs M	Wallace, H. W. (Walthamstow, S)
Manning, Mrs. L. (Epping)	Robens, A.	Warbey, W. N.
Marquand, H. A.	Roberts, Goronwy (Caernarvonshire)	Watkins, T. E.
Marshall, F. (Brightside)	Roberts, W. (Cumberland, N.)	Webb, M. (Bradford, C.)
Mayhew, C P.	Rogers, G. H. R	Weitzman, D.
Medland, H. M	Ross, William (Kilmarnock)	Wells, P. L (Faversham)
Mellish, R. J.	Royle, C.	Wells, W T. (Walsall)
Messer, F.	Sargood, R.	West, D. G.
Middleton, Mrs. L.	Scollan, T.	Wheatley, Rt Hn. John (Edinb'gh, E.)

Mikardo, Ian	Shackleton, E. A A	Wigg, George
Mitchison, G. R	Sharp, Granville	Wilcock, Group-Capt C A B
Monslow, W.	Shawcross, C. N. (Widnes)	Wilkes, L.
Moody, A. S.	Shinwell, Rt. Hon. E.	Wilkins, W. A.
Morgan, Dr. H B	Shurmer, P.	Willey, F. T (Sunderland)
Morley, R.	Silverman, J. (Erdington)	Willey, O. G. (Cleveland)
Morris, Lt.-Col. H. (Sheffield, C.)	Silverman, S. S. (Nelson)	Williams, R. W (Wigan)
Morris, P. (Swansea, W.)	Simmons, C. J.	Williams, Rt. Hon. T. (Don Valley)
Morrison, Rt. Hon. H. (Lewisham, E)	Skeffington, A M.	Williams, W. R. (Heston)
Moyle, A	Skeffington-Lodge, T C	Willis, E.
Mulvey, A	Skinnard, F W.	Wills, Mrs. E. A
Nally, W.	Smith, Ellis (Stoke)	Wilmot, Rt. Hon. J
Naylor, T. E.	Smith, H. N. (Nottingham, S.)	Wilson, Rt. Hon. J. H
Neal, H (Claycross)	Smith, S. H. (Hull, S.W.)	Wise, Major F. J.
Nichol, Mrs. M. E. (Bradford, N.)	Snow, J. W.	Woodburn, Rt. Hon A
Nicholls, H. R. (Stratford)	Soskice, Rt. Hon. Sir Frank	Wyatt, W.
Noel-Baker, Capt F E. (Brentford)	Sparks, J A	Yates, V. F
O'Brien, T.	Steele, T.	Young, Sir R. (Newton)
Oliver, G. H.	Stewart, Michael (Fulham, E.)	Younger, Hon. Kenneth
Orbach, M.	Stokes, R. R.	
Paget, R. T.	Strachey, Rt. Hon. J	TELLERS FOR THE NOES
Paling, Rt. Hon. Wilfred (Wentworth)	Stross, Dr. B.	Mr. William Whiteley and
Paling, Will T (Dewsbury)	Stubbs, A. E	Mr. R. J. Taylor.

Main Question put, and agreed to.

Resolved: "That an humble Address be presented to His Majesty, as follows:" "Most Gracious Sovereign," "We, Your Majesty's most dutiful and loyal subjects, the Commons of the United Kingdom of Great Britain and Northern Ireland, in Parliament assembled, beg leave to offer our humble thanks to Your Majesty for the Gracious Speech which Your Majesty has addressed to both Houses of Parliament."

To be presented by Privy Councillors or Members of His Majesty's Household.